

1                               FEDERAL TRADE COMMISSION

2                               I N D E X (PUBLIC RECORD)

3

4       WITNESS:   DIRECT       CROSS       REDIRECT       RECROSS

5       Adelman    7697           7720 (SP)   7778

6                               7769 (US)

7

8       EXHIBITS                   FOR ID               IN EVID

9       Commission

10      None

11      Schering

12      SPX 471                               7813

13      SPX 681                               7806

14      SPX 682                               7806

15      SPX 683                               7806

16      SPX 684                               7806

17      SPX 685                               7806

18      SPX 686                               7806

19      SPX 687                               7806

20      SPX 688                               7806

21      SPX 689                               7806

22      SPX 690                               7806

23      SPX 691                               7806

24      SPX 692                               7806

25      SPX 693                               7806

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Waldorf, Maryland  
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1	Schering	
2	SPX 694	7806
3	SPX 695	7806
4	SPX 696	7806
5	SPX 191	7806
6	SPX 710	7806
7	SPX 713	7806
8	SPX 714	7806
9	SPX 718	7806
10	SPX 719	7806
11	SPX 721	7806
12	SPX 723	7806
13	SPX 725	7806
14	SPX 733	7806
15	SPX 734	7806
16	SPX 736	7806
17	SPX 737	7806
18	SPX 752	7806
19	SPX 754	7806
20	SPX 756	7806
21	SPX 768	7806
22	SPX 774	7806
23	SPX 1148	7806
24	Upsher	
25	USX 1620	7813

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1	Upsher	
2	USX 1621	7813
3	USX 1622	7813
4	Joint	
5	Number 5*	7784
6	Number 6*	7803
7		
8	OTHER EXHIBITS REFERENCED	PAGE
9	Commission	
10	CX 12	7704
11	CX 230	7731
12	CX 647	7706
13	CX 754	7757
14	Schering	
15	SPX 708	7746
16	SPX 709	7750
17	SPX 1301	7743
18	SPX 1306	7725
19	Upsher	
20	USX 1630	7777
21	USX 1631	7777
22		
23		
24	*All exhibits referenced within Joint Exhibits 5 and 6	
25	were admitted into evidence (see copies attached).	

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Waldorf, Maryland  
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1 FEDERAL TRADE COMMISSION

2

3 In the Matter of: )

4 SCHERING-PLOUGH CORPORATION, )

5 a corporation, )

6 and )

7 UPSHER-SMITH LABORATORIES, ) File No. D09297

8 a corporation, )

9 and )

10 AMERICAN HOME PRODUCTS, )

11 a corporation. )

12 -----)

13

14 Thursday, March 14, 2002

15 10:30 a.m.

16 TRIAL VOLUME 32

17 PART 1

18 PUBLIC RECORD

19 BEFORE THE HONORABLE D. MICHAEL CHAPPELL

20 Administrative Law Judge

21 Federal Trade Commission

22 600 Pennsylvania Avenue, N.W.

23 Washington, D.C.

24

25 Reported by: Susanne Bergling, RMR

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1 P R O C E E D I N G S

2 - - - - -

3 JUDGE CHAPPELL: Good morning, everyone.

4 ALL COUNSEL: Good morning, Your Honor.

5 JUDGE CHAPPELL: Okay, let's reconvene docket  
6 9297.

7 Who's next?

8 MS. MICHEL: Your Honor, complaint counsel  
9 would like to present rebuttal witness Professor Martin  
10 Adelman today.

11 JUDGE CHAPPELL: Okay, I need to swear you in,  
12 sir.  
13 Whereupon--

14 MARTIN J. ADELMAN  
15 a witness, called for examination, having been first  
16 duly sworn, was examined and testified as follows:

17 JUDGE CHAPPELL: Thank you, have a seat.

18 MR. CURRAN: Your Honor, Mr. Crowe is  
19 responsible for this witness for Upsher-Smith.

20 JUDGE CHAPPELL: Thank you.

21 State your full name for the record, please.

22 THE WITNESS: Martin J. Adelman, A D E L M A N.

23 DIRECT EXAMINATION

24 BY MS. MICHEL:

25 Q. Good morning. Professor Adelman, where do you

1 work?

2 A. I work at this time at the George Washington  
3 University Law School.

4 Q. And what is your title?

5 A. Professor of law and director of the  
6 intellectual property program and director of the Dean  
7 Dinwoodey Center.

8 Q. What are your duties associated with those  
9 positions?

10 A. Well, the duty of being a professor of law is  
11 relatively standard. The duty of being the head of the  
12 intellectual property program means that I'm  
13 responsible for general oversight of the program. I  
14 pick the graduate students. I work a lot with the  
15 graduate students particularly, although we have a lot  
16 of JD students in the program. And then I have the  
17 overall duty of going around the world making speeches  
18 to make sure everybody knows about the program.

19 Q. How long have you held the position of director  
20 of the intellectual property program at GW?

21 A. This is my fourth year at GW. The first year  
22 was as acting director, however.

23 Q. Generally, when you teach courses, what subject  
24 matter do those courses cover?

25 A. Well, at George Washington, they cover patent



1 law, international patent law. I've taught  
2 intellectual property and antitrust. I'm now teaching  
3 a course with Professor Strauss of the Max-Planck  
4 Institute on Biotech Patent Law, but that's limited to  
5 George Washington. Before then, at Wayne State, I did  
6 other courses as well.

7 Q. What position did you hold prior to joining the  
8 faculty at GW?

9 A. I was a professor of law for 25 years at Wayne  
10 State University in Detroit, and I'm still a professor  
11 emeritus there.

12 Q. What subject matter did the courses that you  
13 taught at Wayne State cover?

14 A. I taught many patent law courses, an advanced  
15 patent law course. I taught -- this goes back a long  
16 time now -- copyright. For many, many years I taught  
17 antitrust law, and actually when I started out I had to  
18 teach tort law.

19 Q. In your teaching career, have the majority of  
20 courses that you taught focused on patent law?

21 A. The majority have, particularly in the later  
22 years.

23 Q. What positions did you hold prior to joining  
24 the faculty at Wayne State?

25 A. After graduating from law school, I was a law

1 clerk for one year to Chief Judge Levin, as he then  
2 was, and he was the Chief Judge of the Eastern District  
3 of Michigan in Detroit. Then I joined the general  
4 practice firm of Honigman, Miller, Schwartz & Cohn in  
5 Detroit, stayed there for a year, and then joined the  
6 patent department of the Burroughs Corporation, which  
7 was then headquartered in Detroit but had a training  
8 program in Washington, D.C., right on 18th and H, and I  
9 went to that training program for a year.

10 Then I went back to the Detroit area and joined  
11 a patent firm known as Barnard, McGlynn & Reising at  
12 that time, stayed there both as an associate and  
13 partner for eight years, and then joined Wayne State in  
14 1973.

15 Q. So, all told, then, between the time of your  
16 clerkship and between the time you joined the faculty  
17 of Wayne State, how long did you practice as an  
18 attorney?

19 A. Well, it was eight years at the law firm, one  
20 year with Burroughs, one year with Honigman, although  
21 not as a patent attorney with Honigman, so that would  
22 be ten years.

23 Q. And how many of those -- in how many of those  
24 years was your work focused on patent law?

25 A. It would have been the last nine. The first

1 year, very little, I think nothing really at the  
2 Honigman firm.

3 Q. Professor Adelman, where did you receive your  
4 law degree?

5 A. University of Michigan.

6 Q. What other degrees do you hold?

7 A. I hold a Master of Science in physics from the  
8 University of Michigan and an AB degree in medical  
9 science from the University of Michigan.

10 Q. Are you a member of any professional  
11 organizations or Bar associations?

12 A. Yes.

13 Q. And what are they?

14 A. A member of the ABA, the Michigan Bar, American  
15 Intellectual Property Law Association, ATRIP, which is  
16 an international association of intellectual property  
17 professors around the world. I think that's it.

18 Q. Have you been the author of any treatises on  
19 patent law?

20 A. Yes, since 1977, I was the co-author with Don  
21 Dunner and Jim Gambrell of Patent Law Perspectives,  
22 which is published by Matthew Bender, and since 1988,  
23 I've been solely responsible for writing the updates  
24 and revisions of Patent Law Perspectives.

25 Q. Could you just generally describe the content

1 of Patent Law Perspectives?

2 A. Generally -- and it's now eight volumes -- it  
3 covers all areas of patent law and practice. It  
4 started to write up and analyze in some depth important  
5 cases, and I still try to do that today.

6 Q. Are you the author of any case books?

7 A. I am, along with Judge Rader of the Federal  
8 Circuit and Professor Thomas and Hal Wegner, the four  
9 of us have a case book out on patent law.

10 Q. Have you been invited to give speeches on  
11 patent law issues?

12 A. I've given many, many speeches on patent law  
13 issues both in the United States and around the world.

14 Q. Could you just give examples from the past year  
15 or so of the sort of organizations which have invited  
16 you to give speeches?

17 A. I just came back from Tokyo, I was invited by  
18 the Japanese Patent Office to be the American academic  
19 in a program on appeals in the Patent Office, and they  
20 ran a two-day seminar on appeals in the Patent Office.

21 I also did a small seminar sponsored by the  
22 University of Tokyo where I talked about Japanese  
23 intellectual property law strategies and what I thought  
24 made sense for Japan.

25 The previous month, Judge Rader and I were in

1 Cairo talking about pharmaceutical patents and the  
2 TRIPS agreement.

3 A couple of months before that, again, Judge  
4 Rader and I were in Taiwan for a conference on biotech  
5 patent law, and then both of us actually spoke at  
6 different conferences in Tokyo again in last November.

7 Going back, I gave the keynote speech in Paris  
8 in October at a conference of biotech patent law that  
9 was supposedly a worldwide viewpoint.

10 Q. Okay, thank you.

11 A. Okay.

12 Q. Let me ask you in approximately how many patent  
13 cases you've participated as a patent law expert.

14 A. It's over 150, probably closer to 160, and  
15 that's participated either by way of testifying in  
16 court or being deposed. There are many, many more  
17 where I was neither deposed or asked to testify.

18 Q. In approximately how many of those cases did  
19 you testify at a trial?

20 A. It's in the eighties.

21 Q. In each of those cases in which you testified  
22 at trial, were you qualified by the court as an expert  
23 in patent law and patent practices?

24 A. Yes. Presumably, yes, because I testified.  
25 Often now under the rules, unless somebody raises the

1 issue, it doesn't come up.

2 Q. I see.

3 Your Honor, at this time, complaint counsel  
4 would like to offer Professor Adelman as an expert in  
5 patent law and patent practices.

6 MR. LAVELLE: No objection, Your Honor.

7 MR. CROWE: No objection on behalf of  
8 Upsher-Smith, Your Honor.

9 JUDGE CHAPPELL: The motion is granted.

10 BY MS. MICHEL:

11 Q. Professor Adelman, I'd like to ask you to turn  
12 to the -- oh, let me give everyone a binder. I am  
13 going to ask you to turn to CX 12 in your binder.

14 Your Honor, may I approach?

15 JUDGE CHAPPELL: Yes, you may.

16 BY MS. MICHEL:

17 Q. Professor Adelman, do you recognize this  
18 document?

19 A. Yes.

20 Q. And have you reviewed it?

21 A. Yes.

22 Q. And what is this document, please?

23 A. The document is the patent involved in the  
24 lawsuits, the Upsher lawsuit and the ESI lawsuit.

25 Q. And can we identify that patent as the '743

1 patent?

2 A. '743 patent, which issued on September 5, 1989.

3 Q. I'd like to ask you to turn to column 8, which  
4 is the last page of the document or second to the last  
5 page, excuse me, and particularly ask you, what are the  
6 numbered paragraphs beginning approximately one-third  
7 of the way down column 8?

8 A. The numbered paragraphs are the claims which  
9 ultimately came out of the Patent Office and which  
10 define the scope of the exclusive right of patent  
11 monopoly, however you want to term it.

12 Q. All right. And what does the portion preceding  
13 the claims in the patent generally refer to?

14 A. That portion generally is a cautionary  
15 statement that it is the claims that cover what is  
16 included within the exclusive right or monopoly and not  
17 the specification.

18 Q. Could you --

19 A. I should say, the claims are part of the  
20 specification, not the detailed description.

21 Q. Could you define what you mean by the term  
22 "specification"?

23 A. Well, the specification actually is defined in  
24 the statute, and it includes, if I remember right now,  
25 it includes the claims, but what patent lawyers

1 normally mean when they use the word "specification" is  
2 that part of the patent which contains the detailed  
3 teachings often of the preferred embodiment of the  
4 invention and are used to satisfy the enablement and  
5 the description requirements of Section 112.

6 Q. Okay. I'd like to ask you next to turn to the  
7 exhibit in your binder marked CX 647.

8 A. Yes, I have it.

9 Q. Could you explain what this document is,  
10 please?

11 A. This document is what is known conventionally  
12 as the prosecution history, sometimes the older  
13 terminology would be the file wrapper, of the patent,  
14 and it essentially -- it gives you the history of what  
15 happened in the Patent Office which led to the issuance  
16 of the patent, so the public is informed by looking at  
17 this document as to what happened in the Patent Office.

18 Q. Could you next turn, please, to the page in  
19 this Exhibit 647 bearing Bates numbers 1592, and could  
20 we put this on the screen, if possible? Thanks.

21 A. Yes.

22 Q. Could you explain what is on Bates page 1592?

23 A. Yes. All of the writings that are not typed  
24 reflect changes made to the claims that were made  
25 later, after the application was filed. If you ignore



1     those for the moment and read what is typed on these  
2     pages, which goes Bates 92, 93 and 94 or 1592 through  
3     94, you have the claims as initially filed which tell  
4     you what the applicants thought they had invented when  
5     they filed the patent application, and it shows you  
6     what they requested from the Patent Office.

7           Q. Can you explain how claim 1 as it appears on  
8     Bates page 1592 differs from claim 1 as it issued in  
9     the '743 patent?

10          A. Well, claim 1 differs in several ways. In  
11     fact, it is essentially claim 8 as originally filed,  
12     although then claim 8 was amended later, but claim 1 is  
13     substantially the same as claim 8 as originally filed.  
14     And the differences are that the preamble is limited to  
15     the -- a tablet form, whereas the preamble as filed is  
16     broader than merely being a tablet. Indeed, claim 2  
17     limits the -- what is encompassed broadly by claim 1 to  
18     tablets, and the claim as ultimately issued was so  
19     limited.

20                 In addition, there is a limitation to the type  
21     of ethylcellulose that is claimed. Notice in claim 1  
22     it just says "comprising ethylcellulose in an amount in  
23     the range of about 9 to 15 percent by weight." It  
24     doesn't tell you that there's any specific type of  
25     ethylcellulose that is being claimed. And by way of

1 contrast, claim 8 is limited to ethylcellulose 45,  
2 which is kind of a trade designation, which happens to  
3 be explained in the specification, but it is limited to  
4 certain types of ethylcellulose.

5 So, those are the differences.

6 Q. All right. And then what additional  
7 limitations does claim 1 as issued in the '743 patent  
8 as compared to claim 1 as originally submitted?

9 A. Well, those are the ones that I talked about.  
10 We can actually go and -- go to the '743 patent, and  
11 claim 1 specifically says, "a pharmaceutical dosage  
12 unit in tablet form."

13 Q. And that's claim 1 as originally -- as  
14 issued --

15 A. No, as issued.

16 Q. I'm sorry, as issued. Okay, thank you.

17 A. As issued.

18 Q. Okay.

19 A. And then there's a limitation with respect to  
20 the type of ethylcellulose that you can have. The only  
21 types that are claimed are those that have a viscosity  
22 greater than 40 centipoise.

23 Q. Okay, thank you.

24 I'd like to ask you next to turn Bates page  
25 1600 in CX 647, and we don't need that on the screen,

1 and just generally, what is this document, including  
2 the pages that follow?

3 A. The document, which really goes to 1604, is the  
4 first office action in this case. It's possible, it  
5 happens occasionally, that the patent examiner will  
6 read the claims and say, I'm going to go do a search,  
7 which they always do, look for prior art, and then  
8 decide there's no prior art, and there are no other  
9 problems with the claims, and allow the claims as  
10 filed. That's rare.

11 This is more conventional, what happened here.  
12 We have an office action where all of the claims are  
13 rejected for different reasons, some cumulative, some  
14 only for one reason, and that's shown in the first  
15 page. 1600 is the summation. And then the other pages  
16 are a more detailed explanation of the basis for the --  
17 actually here the rejection of all claims.

18 Q. Did the examiner make any rejections based on  
19 prior art?

20 A. The examiner relied on a patent, but it's a  
21 patent to one of the inventors, an earlier patent.  
22 Technically, at this point, the examiner did not say it  
23 was prior art. It -- it is prior art under the law,  
24 and that is shown in later action, but the examiner  
25 didn't technically use that reference as prior art. He

1       used it for double-patenting purposes.

2           Q.   Could you just briefly explain the basis of the  
3       examiner's rejection?

4           A.   Yes.   The examiner did three things.   One, he  
5       said with respect to claims 1, 10 and 11, he had a  
6       problem with respect to species.   He essentially said  
7       you've got to -- you've got to file two patent  
8       applications, because you're claiming two different  
9       compounds.   One, ethylcellulose plus  
10      hydroxypropylcellulose, that's one; the other is  
11      ethylcellulose and polyethylene glycol, and they are  
12      two different things.

13          Q.   All right.   And could you just briefly explain  
14      the examiner's rejection made in light of prior art?

15          A.   Yes -- well, that's -- that's one.   The --  
16      there's a technical problem of using ethylcellulose  
17      100, and then he says that I'm going to use this  
18      earlier Hsiao patent as a reference under  
19      double-patenting, and your claims are prima facie  
20      obvious, meaning that if you've used the same  
21      formulation as for a coating of aspirin, it would be  
22      obvious to use it for potassium chloride.   Therefore,  
23      your claims are invalid for double-patenting type or  
24      obviousness type double-patenting.

25          Q.   Is the Hsiao patent also referred to as the

1 '399 patent?

2 A. Yes, it is. And so he rejected all claims on  
3 double-patenting of the obviousness type, and he had  
4 technical objections to certain other claims.

5 Q. I'd like to ask you now to refer to the page  
6 bearing Bates number 1606 and the document that follows  
7 that page. Could you explain what this document is?

8 A. At this point, the applicant has a choice. The  
9 applicant can say, I guess you're right, Mr. Examiner,  
10 and go away, or argue and/or change the claims. So,  
11 this document is what we call an amendment, part of  
12 what is often just a back and forth between the  
13 examiner and the applicants, and there are changes to  
14 the claims and -- to the claims and an additional  
15 claim, and then there are arguments saying why the  
16 claims as amended are patentable.

17 Q. And did Schering or Key here make any arguments  
18 to overcome the examiner's rejection based on the '399  
19 patent, the Hsiao patent?

20 A. Yes. Now, they changed the claims as well in  
21 terms of taking out and changing claim 8 so that claim  
22 8 is no longer limited to ethylcellulose 45 and higher.  
23 It now is limited to ethylcellulose that has at least 6  
24 centipoise, but it's limited to tablets, covers all  
25 tablets with 6 centipoise and above.

1           And there was also a change to claim 7 limiting  
2   that to the centipoise of 85 to 110. So, we have one  
3   that covers all tablets with ethylcellulose of 6  
4   centipoise and above, which has the other limitations  
5   we talked about, and one, claim 7, is just limited to  
6   ethylcellulose with centipoise of 85 to 110.

7           Q. All right. And just briefly, what arguments  
8   did Key make to distinguish it?

9           A. And then -- then they argued, one, that  
10   double-patenting is not technically correct, which is  
11   right, and then argued that, look, aspirin is very  
12   different from potassium chloride, so going from  
13   aspirin to potassium chloride, it would not be obvious  
14   to make that substitution.

15          Q. Let me then next direct your attention to the  
16   document at Bates number 1637 and ask you to explain  
17   generally what this document is.

18          A. This is the examiner's response essentially to  
19   the argument that the substitution of potassium  
20   chloride for aspirin would not be obvious, and the  
21   examiner now is a little bit more specific in saying  
22   why he thinks it would be obvious, and he concedes that  
23   the '399 patent is not -- should not be used for  
24   double-patenting. It should be used as a prior art  
25   reference, just as an ordinary prior art teaching.

1           So, that part, he agrees with the applicants,  
2   but he says that in his view, making the substitution,  
3   when you look at the art, would be obvious.

4           Q. Let me next ask you to turn then to the  
5   document at Bates 1641.

6           A. I have that. This is --

7           Q. And let me ask, and what is this document  
8   generally?

9           A. At 1641, we have now the response to the  
10   examiner's argument that the '399 patent is prior art  
11   and that the claims are obvious in view of the prior  
12   art. So, this is now the applicant coming back to the  
13   examiner.

14          Q. Did Key change or amend claim 1 in any way?

15          A. Claim 1 was now amended to limit it to the  
16   tablet form. So, now all the claims are limited to  
17   tablet form, and it went back to original claim 8.

18           See, claim 8 had been amended so that it was  
19   broad enough to cover all ethylcellulose. Now it was  
20   limited to 40 centipoise. So, it only covers  
21   ethylcellulose with a viscosity greater than 40  
22   centipoise.

23          Q. Okay. And how can we tell from this document  
24   that Key made those amendments?

25          A. Well, if you look at the document, it says,

1 "Amendment," and then it starts off, "In the claims,"  
2 and this is actually the -- you can -- you can just see  
3 it.

4 Q. What is the significance of the underlining on  
5 pages --

6 A. That's a change.

7 Q. Okay, thank you. And that --

8 A. That word has been added.

9 Q. -- and that's on pages 1641 and 1642. Is that  
10 right?

11 A. That's correct. So, you see it highlights what  
12 words have been added.

13 Q. Did Schering -- did Schering or Key here make  
14 any arguments to -- in this document to distinguish the  
15 '399 patent?

16 A. Yes, they did.

17 Q. Can you direct us to some places where Key made  
18 those types of arguments in this document?

19 A. Let us go -- and perhaps the easiest way to  
20 start is on page 4, which is Bates number 1644, and  
21 take the paragraph that continues onto the next page,  
22 and we'll focus on that for the moment.

23 Q. Now, would that be the paragraph beginning, "In  
24 rejecting the claims"?

25 A. Yes, it would. You've got it here on the



1 screen.

2 If we look at it, "In rejecting the claims, it  
3 is alleged that it would be prima facie obvious to  
4 replace a different gastric irritating drug, potassium  
5 chloride, for the aspirin in the cited patent." That  
6 is the examiner's position.

7 "It is submitted that the mere substitution of  
8 potassium chloride for aspirin in the prior art tablet  
9 formulation would not result in the present invention."  
10 That's a very important statement, that it's not a mere  
11 substitution of one for the other anymore.

12 "A careful analysis of the '399 patent would  
13 not lead one skilled in the art to utilize an  
14 ethylcellulose polymer having a viscosity greater than  
15 40 centipoise and preferably of about 85-110 centipoise  
16 to produce a sustained release potassium chloride  
17 tablet. The '399 patent at column 2, lines 17-34,  
18 discloses that the major component of the polymeric  
19 coating used in coating the aspirin material is  
20 ethylcellulose, however, there is no teaching or  
21 indication as to the type or grade of ethylcellulose  
22 that can be utilized in preparing the aspirin tablet of  
23 the invention."

24 Q. Okay. What is your understanding of the  
25 arguments that Key is making in that section which

1     you've just read?

2           A.  It's fairly straightforward.  What they're  
3     saying is that the claims as now amended, if you  
4     substitute potassium chloride for aspirin, you don't  
5     get what they're claiming.  So, putting potassium  
6     chloride in the '399 patent does not get you what is  
7     claimed.  So, in effect, they're arguing, no, no, no,  
8     no, we are defining over the '399 patent, and they go  
9     on and say how they're doing it, how they are defining  
10    over the teaching or the coating of the '399 patent,  
11    and they do it very simply.  It's not rocket science.

12           "The '399 patent at column 20, lines 17 and 18,  
13    discloses the major component of polymeric coating used  
14    in coating the aspirin material is ethylcellulose,  
15    however, there's no teaching or indication as to the  
16    type or grade of ethylcellulose that can be utilized in  
17    preparing the aspirin tablet of the invention."

18           Q.  Are there other statements in that paragraph --

19           A.  Well, I do want to finish this next sentence,  
20    because it completes the thought.

21           "The only information of the type or grade of  
22    ethylcellulose used in preparing the coated aspirin  
23    material is Example 1, column 3, lines 7-8, wherein it  
24    states that the ethylcellulose is 'Ethocel N-10 (Dow).'

25    The grade of ethylcellulose utilized in practicing the

1 present invention is important to obtain potassium  
2 chloride tablets exhibiting controlled release  
3 properties."

4 Q. And what is your understanding of what Key is  
5 arguing in that section?

6 A. Well, the examiner is using the '399 patent as  
7 prior art. They are saying, well, Mr. Examiner, read  
8 it. It doesn't specifically say and teach the  
9 importance of using specific types of ethylcellulose.  
10 It doesn't say anything about what you should pick.  
11 The only thing that it shows is when it has one  
12 example, the example uses one of -- as my  
13 understanding, it is centipoise of around 10, that  
14 Ethocel N-10 would have a centipoise of around 10.

15 So, it's telling the examiner, that's all  
16 that's in there. I'm defining over that. I'm teaching  
17 that you've got to use a specific kind of  
18 ethylcellulose, and that's, of course, in the claim,  
19 because it's the claim that measures what they're  
20 asking for.

21 Q. Are there any other portions of this document  
22 that we're discussing where you think Key makes  
23 particularly significant statements to distinguish the  
24 prior art?

25 A. Well, it goes on to -- here to explain why it's

1     important to have more than 40, and I -- I don't know  
2     if you want me to read all of this, but --

3             Q.   I think that's not necessary.

4             A.   -- it lays it out why he thinks it's important  
5     or they think it's important.

6             Q.   Okay, thank you.

7                     What alternatives were available to Key other  
8     than amending the claims and making the arguments that  
9     we just discussed?

10            A.   Well, remember, the claim that was amended,  
11     claim 8, covered the tablet form, which had an  
12     ethylcellulose with a centipoise of 6 or greater.  
13     So -- so, the option was open to say, wait a minute,  
14     who would have thought that you could substitute some  
15     organic -- inorganic compound for an organic compound  
16     like aspirin? They're so different that you just can't  
17     seriously make an argument of prima facie obviousness,  
18     in other words, the argument they were originally  
19     making, and if that didn't work with the examiner, you  
20     can file an appeal.

21            Q.   By "inorganic compound" there, are you  
22     referring to --

23            A.   Potassium chloride.

24            Q.   -- potassium?

25            A.   Yes.

1           Q. What happened next in the prosecution of this  
2 patent application?

3           A. That's fundamentally the end of the story. The  
4 claims were allowed.

5           Q. Professor Adelman, are you aware that the  
6 parties in this proceeding, Schering and Upsher, were  
7 at one time engaged in patent litigation?

8           A. Yes.

9           Q. And did you review any documents prepared in  
10 connection with that patent litigation?

11          A. I did. I reviewed motions, I think they were  
12 motions for summary judgment.

13          Q. And did you review documents prepared in  
14 connection with this FTC proceeding which concerned the  
15 Schering and Upsher patent litigation?

16          A. Yes.

17           MS. MICHEL: Your Honor, I think it would be  
18 best to go into an in camera session at this time to  
19 accommodate the concerns of Upsher.

20           JUDGE CHAPPELL: Okay, at this time --

21           MR. CROWE: No objections on behalf of  
22 Upsher-Smith, Your Honor.

23           JUDGE CHAPPELL: Excuse me?

24           MR. CROWE: No objection here.

25           JUDGE CHAPPELL: At this time, I will need to

1 ask the public to leave the courtroom. We are going  
2 into in camera session. You will be notified when the  
3 public is welcome to come back into our session.

4 (The in camera testimony continued in Volume  
5 32, Part 2, Pages 7824 through 7835, then resumed as  
6 follows.)

7 MR. CROWE: Your Honor, just for the record, I  
8 trust the witness understands that we're back on the  
9 public record?

10 THE WITNESS: I do.

11 MR. CROWE: Thank you.

12 JUDGE CHAPPELL: Do you want to question the  
13 witness further on that issue, Mr. Crowe, or are you  
14 satisfied?

15 MR. CROWE: Your Honor, I'm satisfied.

16 JUDGE CHAPPELL: Thank you.

17 You may proceed.

18 MR. LAVELLE: Thank you.

19 CROSS EXAMINATION

20 BY MR. LAVELLE:

21 Q. Good morning, Professor Adelman.

22 A. Good morning.

23 Q. Professor Adelman, before I begin, you  
24 understand that we are now on what's called the public  
25 record, correct?

1           A.    I do.

2           Q.    Okay.  And you understand that Upsher-Smith  
3 believes that aspects of its formulation are  
4 proprietary, correct?

5           A.    I have been so informed, yes.

6           Q.    Okay.  And I would appreciate it and the  
7 parties would appreciate it that if in one of your  
8 answers, while we're on the public record, you feel the  
9 need to talk about that formulation, that you stop us  
10 and tell us, and we'll go on the -- we'll go on the  
11 confidential record so that the substance of your  
12 answer can be heard.

13          A.    Fine.

14          Q.    Is that fair?

15          A.    Fair.

16          Q.    Thank you, sir.

17                You've been -- you've testified as a patent law  
18 expert in over 150 cases, right?

19          A.    Either at trial or by way of deposition, yes.

20          Q.    Either at trial or by way of deposition.

21                And your CV lists over 70 cases where you've  
22 testified in depositions as a patent law expert,  
23 correct?

24          A.    I don't remember the exact number, but I'll  
25 take your word for it.  You've got it.

1 Q. Okay, your CV is in your exhibit book --

2 A. Yeah, I think -- I think that's about right.

3 Q. And I looked this morning, and it lists 88  
4 cases where you've testified in court as a patent law  
5 expert. Is that about right?

6 A. If it says 88, it's 88.

7 Q. Okay, thank you, sir.

8 And you -- all of these were either in Federal  
9 Courts or in arbitrations. Is that fair?

10 A. Yes.

11 Q. And you've testified for both patent holders  
12 and defendants, fair?

13 A. Yes.

14 Q. Okay. And you've testified in many different  
15 technical arts as well, true?

16 A. Yes.

17 Q. Electrical cases?

18 A. Yes.

19 Q. Biotech cases?

20 A. Yes.

21 Q. Chemical cases and mechanical cases, true?

22 A. Yes.

23 Q. And what sorts of issues do you testify on in  
24 these cases?

25 A. The primary testimony has been what happened in



1 the Patent Office, but this can impact many different  
2 issues, inequitable conduct, infringement, invalidity  
3 at times. So, while I might not specifically say,  
4 therefore, this is something that impacts on validity,  
5 then counsel might well argue based on what I've said  
6 that the patent is either valid or not valid or  
7 infringed or not infringed or inequitable conduct has  
8 been committed or not.

9 Q. And I take it in these 88-plus times, sometimes  
10 courts have agreed with you and your opinions in their  
11 decision. Is that fair?

12 A. I'm sure they have. A lot of times it's hard  
13 to tell.

14 Q. Right. And in some of these 88 times, courts  
15 have disagreed with you as well, true?

16 A. I'm sure they have.

17 Q. You were not an expert in the Upsher case,  
18 correct?

19 A. I was not.

20 Q. And the District Court and the parties didn't  
21 have the benefit of your views at the time of the  
22 Upsher case, correct?

23 A. Certainly not from me.

24 Q. Right.

25 A. Correct.

1           Q. Fine. And in fact, you just started working on  
2 this matter towards the end of last year. Is that  
3 correct?

4           A. Correct.

5           Q. All right. And you spent something on the  
6 order of 10 or 15 hours preparing your expert report,  
7 correct?

8           A. That's correct.

9           Q. And at that time you were looking at two cases,  
10 right, you were looking at both the Upsher case and the  
11 ESI case?

12          A. That's correct.

13          Q. And about how much of your time did you spend  
14 on the Upsher case?

15          A. The bulk of it was on the Upsher case.

16          Q. So, ten hours on the Upsher case, is that fair?

17          A. Up until the time --

18          Q. Of your -- in forming your opinion.

19          A. -- that I formed my opinion, I'd say that's  
20 about right.

21          Q. Okay, fine. How much time have you spent  
22 preparing for this matter since the time of your  
23 opinion?

24          A. I would estimate probably ten hours or -- maybe  
25 a little less, but something in that order.

1           Q.   Okay.  And how much of that time was spent on  
2   the Upsher case as opposed to the ESI case?

3           A.   I'd say that was about half and half.

4           Q.   Half and half.  So, another five hours since  
5   your report was prepared on Upsher?

6           A.   About five, maybe a little more, because we  
7   spent time just talking about how -- how we'd present  
8   it and how to do it as fast as possible.

9           Q.   Okay, very good, thank you.

10           Now, the materials that you reviewed in forming  
11   your opinion are listed in your expert report.  Is that  
12   correct, sir?

13           A.   Yes.

14           Q.   Okay.  And your expert report is SPX 1306 in  
15   your book.  Would you just confirm that for us?  I'm  
16   sorry about the size of that book.

17           A.   What --

18           Q.   Would you take look at tab SPX -- it's not  
19   1306.

20           A.   I guess I can go through it.

21           Q.   Oh, no, just wait and I'll find it for you.

22           A.   Here's the expert report.  SPX 754?

23           Q.   Yes.  I'm sorry about that.

24           Is that your expert report, sir?

25           A.   Yes.

1           Q. And the materials that you reviewed in forming  
2 your opinion are listed on paragraph 3 of your report  
3 there, correct?

4           A. Yes.

5           Q. Okay, good, thank you, sir.

6           Now, you didn't review all of those materials  
7 in great detail in those ten hours, correct?

8           A. That's correct.

9           Q. And some of them you only skimmed in reaching  
10 your opinion, correct?

11          A. Correct.

12          Q. And you didn't read the deposition testimony of  
13 the inventors in forming your opinions, correct?

14          A. That is correct.

15          Q. And you didn't read all of the expert reports  
16 in the Upsher case in forming your opinion, did you,  
17 sir?

18          A. I don't think I read all of them, no.

19          Q. And -- although you have opinions about how  
20 summary judgment was going to be resolved in the Upsher  
21 case, correct?

22          A. Well, I don't think I have said quite that.  
23 It's how this case would be resolved in the Federal  
24 Circuit, which -- since most of these questions,  
25 questions of law, were going to be decided in the

1 Federal Circuit. So, I don't want to say that I got  
2 inside the mind of a particular trial judge whom I  
3 don't know as opposed to having a pretty good feel for  
4 what goes on in the Federal Circuit.

5 Q. Okay. You didn't read the transcript of the  
6 summary judgment argument on infringement in the Upsher  
7 case, correct?

8 A. Not at that time.

9 Q. All right. And you didn't read any of the  
10 depositions in this FTC case in forming your opinion,  
11 correct?

12 A. No.

13 Q. And you've been practicing law since about  
14 1965, sir?

15 A. Technically 196 -- 1964, I believe, in general  
16 practice.

17 Q. Thank you, sir. And you've been a full-time  
18 law professor since about 1973?

19 A. That's correct.

20 Q. And you've never worked in the pharmacy  
21 industry, correct?

22 A. That's correct.

23 Q. And you haven't published any technical or  
24 scientific works in the pharmacy sciences, correct?

25 A. That's correct.

1 Q. And you don't consider yourself an expert in  
2 coating materials for pharmaceuticals, correct?

3 A. That's correct.

4 Q. And you don't consider yourself a technical  
5 expert in this case, correct?

6 A. That's correct.

7 Q. And you're not an expert on the properties of  
8 ethylcellulose, correct?

9 A. That's correct.

10 Q. And you can't offer any independent technical  
11 testimony on what grades of ethylcellulose are  
12 interchangeable, correct?

13 A. I certainly believe that to be correct.

14 Q. Thank you. And in fact, at the time of your  
15 deposition, you hadn't seen the K-Dur tablets that are  
16 the subject of this case, correct?

17 A. I'm pretty sure that's true.

18 Q. And you haven't seen the Upsher tablets that  
19 were the subject of the underlying litigation, correct?

20 A. I'm almost certain that's correct.

21 Q. Fine. And your understanding of the tableting  
22 process that's at issue in this case is the  
23 understanding of a layman, correct?

24 A. I think that's right.

25 Q. You've made no special effort to learn the

1 details of any of the tableting processes you've come  
2 across over the years, correct?

3 A. That's correct.

4 Q. And you don't have an opinion as to what the  
5 appropriate level of skill in the Upsher case is,  
6 correct?

7 A. I do not -- did not form any opinion, and I  
8 have no opinion.

9 Q. Okay, fine. Now, you've not offered any  
10 opinions on the Key versus ESI case here today,  
11 correct?

12 A. That's correct.

13 Q. Now, in Upsher, you're only talking about  
14 infringement, correct?

15 A. Well, that -- that is correct. I want to make  
16 clear, though, that if you're talking about the  
17 doctrine of equivalents, you know, another hurdle was  
18 to prove that the claim broadly claimed was valid,  
19 but -- but that's another burden that you -- Schering  
20 would have borne to try and prove that -- a doctrine of  
21 equivalents case. So, I don't -- if you're asking --  
22 I'm not talking about validity, per se, of the claims  
23 literally drafted. That's absolutely correct.

24 Q. And in your last answer, you surely weren't  
25 suggesting that Schering had any burden to prove its

1 patent was valid, right?

2 A. No, but it had a burden to prove that the  
3 rewritten claim, which is totally in my view distorted  
4 from what was issued, is valid, not -- not that the  
5 claim that issued is valid. I'm not making that claim,  
6 because that would be the burden of Upsher.

7 Q. Right.

8 A. And I did not go into any arguments relating to  
9 the validity of the claim as drafted, but, of course,  
10 that wasn't the claim asserted by Schering. Schering  
11 was asserting a rewritten claim essentially calling for  
12 plasticizers instead of the specific alleged  
13 plasticizers and essentially writing out the 40  
14 limitation, so you have to have 20 or greater. That  
15 would have to be proven to be valid over the prior by  
16 Schering.

17 Q. Well, sir, Schering wasn't asserting --

18 JUDGE CHAPPELL: Mr. Lavelle, excuse me. For  
19 scheduling purposes, how much cross exam do you think  
20 you have? Just by the looks of this binder, I was just  
21 wondering.

22 MR. LAVELLE: It's probably not as bad as that  
23 binder suggests. It's probably an hour or perhaps more  
24 than an hour.

25 JUDGE CHAPPELL: Okay, that's what I need to



1 know. Why don't we go ahead and take our morning  
2 break. It's around noon. Let's recess until 12:15.

3 MR. LAVELLE: Thank you, Your Honor.

4 (A brief recess was taken.)

5 JUDGE CHAPPELL: Go ahead, Mr. Lavelle.

6 MR. LAVELLE: Thank you. Your Honor, I need to  
7 request to go onto the confidential record for a few  
8 moments. I will try to get all of the confidential  
9 material done during that session.

10 JUDGE CHAPPELL: Okay, so we're going to go in  
11 camera for now, right?

12 MR. LAVELLE: Yes, Your Honor.

13 JUDGE CHAPPELL: All right, I will have to ask  
14 the public to leave the courtroom, please, and you'll  
15 be notified when you're welcome to rejoin us.

16 (The in camera testimony continued in Volume  
17 32, Part 2, Pages 7836 through 7843, then resumed as  
18 follows.)

19 BY MR. LAVELLE:

20 Q. Professor, I want to ask you just a couple of  
21 questions about Upsher's memorandum in support of its  
22 motion for summary judgment that you talked about  
23 during your direct examination. It's CX 230, I think,  
24 in the other book.

25 If I could approach, Your Honor?

1 JUDGE CHAPPELL: Yes, you may.

2 BY MR. LAVELLE:

3 Q. It's in this book -- yes, it's in this book,  
4 Professor. There you go. I think it's 230.

5 Just for the record, Your Honor, this is an in  
6 camera document. I do not anticipate that we are going  
7 to do anything confidential with respect to it, but I  
8 just want to alert the witness to the -- to be careful,  
9 if he would, with respect to the confidentiality of it.

10 JUDGE CHAPPELL: Okay, thank you.

11 MR. CROWE: Your Honor, actually, we would like  
12 to move for provisional in camera status of this  
13 document. This document actually does not yet have in  
14 camera protection, but it does contain proprietary  
15 information from Upsher-Smith, including information  
16 about its formulation, and we intend to file a motion  
17 for Your Honor tomorrow covering this document for full  
18 in camera protection.

19 JUDGE CHAPPELL: Is this a document in  
20 evidence?

21 MR. CROWE: I don't think it has been yet, but  
22 we will make sure that if it is that it does have for  
23 the time being provisional in camera treatment and then  
24 based on a motion tomorrow full in camera.

25 JUDGE CHAPPELL: I can only prevent -- I can

1     only allow provisional treatment of documents offered  
2     in evidence.

3             MS. MICHEL: Your Honor, this is a complaint  
4     counsel document. I understand it's not in evidence.

5             JUDGE CHAPPELL: Thank you.

6             MR. LAVELLE: Excuse me just one second, Your  
7     Honor, we're consulting on an exhibit.

8             JUDGE CHAPPELL: Yes, all right.

9             MR. CROWE: Your Honor, we understand from Mr.  
10    Lavelle that his examination based on this document is  
11    not going to elicit any information that is -- that we  
12    would consider confidential or perhaps subject to  
13    provisional in camera treatment.

14            MR. LAVELLE: That is my intention, Your Honor.

15            JUDGE CHAPPELL: Okay, then we avoid the offer  
16    into evidence and the necessary motion being filed.

17            MR. LAVELLE: At this time, I think that's  
18    correct.

19            JUDGE CHAPPELL: All right.

20            MS. SHORES: Your Honor, this is among the  
21    documents that I'm going to be heard on later, with the  
22    Court's permission, that have not yet been moved into  
23    evidence. We will be moving this document into  
24    evidence, but as yet, it has not been moved, so I think  
25    that we can deal with that at that time.

1 JUDGE CHAPPELL: Okay, thank you.

2 MR. CROWE: Thank you, Your Honor.

3 BY MR. LAVELLE:

4 Q. Professor, Upsher filed a 39-page motion for  
5 summary judgment, a memorandum in support of its  
6 motion, correct?

7 A. Thirty-nine pages, yes.

8 Q. Yes. And only about two of those pages are  
9 related to the doctrine of prosecution history  
10 estoppel, correct, on 34 to 36?

11 A. That's what it looks like.

12 Q. All right. And page 34 of a 39-page brief is  
13 not where you expect to find your slam-dunk argument,  
14 correct?

15 A. A slam-dunk argument is a slam-dunk argument.

16 Q. I see.

17 A. But I would probably put it in a different  
18 place.

19 Q. All right. And usually on page 34 is where you  
20 find the weak arguments, correct?

21 A. Well --

22 Q. Well, let me ask you a different question.

23 A. Yeah, I mean, you're asking me about attorneys'  
24 strategy here as to where you put your strong  
25 arguments. They have so many strong arguments that you

1     could say that this slam-dunk argument is within some  
2     other slam-dunk argument. I don't know. We'd have to  
3     go through each slam-dunk argument in a row to appraise  
4     them.

5           Q. All the Upsher arguments are slam-dunk  
6     arguments. Is that your position?

7           A. My -- my position is that there are a whole  
8     series of huge steps for Schering to have surmounted.  
9     The ultimate chance of winning, when you have a whole  
10    series of huge steps, approaches zero. That is my  
11    position.

12          Q. Let's talk about the -- do you see the Athletic  
13    Alternatives case that Upsher's relying on here?

14          A. Yes.

15          Q. Do you see that?

16          A. Yes.

17          Q. And Upsher relies on that case as -- to support  
18    the notion that unmistakable assertions of  
19    patentability will affect the surrender of claim  
20    coverage. That's the argument they're making, correct?

21          A. Oh, I don't remember.

22          Q. Fine. Well, you've been critical of the  
23    Athletics Alternatives case in your case book, correct?

24          A. Yes, and I wouldn't focus on Athletic  
25    Alternatives, per se, if I were drafting a brief for

1 the Federal Circuit.

2 Q. And you've said that Athletic Alternatives  
3 misstates prior Federal Circuit or misapplies prior  
4 Federal Circuit precedent, correct?

5 A. I don't specifically remember. That would not  
6 surprise me.

7 Q. All right. And you've said that the decision  
8 in Athletic Alternatives, if followed, could obliterate  
9 the doctrine of equivalents. Isn't that what you said,  
10 sir?

11 A. Well, that's true. That's a problem with it.  
12 I think it goes too far.

13 Q. Okay. Now, Key had a patent law expert in the  
14 underlying Upsher case, correct?

15 A. I think -- I believe so, yes.

16 Q. Do you recall Mr. Bjorge submitted an expert  
17 report for Key?

18 A. Yes.

19 Q. And would you take a look at SPX 689, which is  
20 in the other book?

21 A. Oh.

22 Q. It's in the other book.

23 A. It's not in here.

24 Q. Yes.

25 A. 6 --

1 Q. 689.

2 A. -- 89.

3 MR. LAVELLE: And again, Your Honor, this  
4 document is under seal, but I do not anticipate  
5 eliciting any confidential information with respect to  
6 it.

7 JUDGE CHAPPELL: Okay.

8 BY MR. LAVELLE:

9 Q. Do you see 689, sir? Do you have that?

10 A. I have it before me, yes.

11 Q. Fine. And these are Mr. Bjorge's expert  
12 reports as well as -- well, it's Mr. Bjorge's expert  
13 report in the underlying Upsher case, correct?

14 A. I think so.

15 Q. And you know Mr. Bjorge, don't you?

16 A. I do not.

17 Q. You do not, okay.

18 You're aware, aren't you, that Mr. Bjorge was  
19 the editor of the Federal Circuit Bar Journal for many  
20 years?

21 A. I know that because it's on his CV, yes.

22 Q. Fine. And Mr. Bjorge offered opinions related  
23 to prosecution history estoppel in the underlying case,  
24 did he not? Paragraphs 33, 34 and 35 of his report on  
25 pages 8 and 9.

1           A. Yes, he did.

2           Q. And Mr. Bjorge disagrees with the conclusions  
3 that -- I'm sorry, Mr. Bjorge expressed opinions  
4 inconsistent with those that you expressed here today,  
5 correct?

6           A. Well, they are plainly wrong. We went through  
7 the prosecution history, and Bjorge is just wrong.  
8 It's a bit embarrassing to make this argument given the  
9 prosecution history that I've laid out, that this was  
10 not a rejection based on prior art, is an  
11 embarrassment, and I -- I'd like to see what the people  
12 actually told the client rather than what this  
13 statement is to the -- to the court, but this is just  
14 wrong.

15          Q. Mr. Bjorge testified that you could draft a  
16 hypothetical claim that would cover the Upsher product  
17 that would not be invalid over the prior art, didn't  
18 he?

19          A. I believe he did. That I'm not specifically  
20 going to question. Since he's not a technical expert,  
21 I don't know how he could make that statement, but  
22 that's another problem. I'll leave that for counsel to  
23 argue. He's not a technical expert any more than I am,  
24 and he can't make that determination. But plainly,  
25 he'll say anything.



1           Q. I see. Did you study the expert report of Mr.  
2 Anderson, the Upsher expert?

3           A. I don't remember.

4           Q. He was a patent law expert in the Upsher case.  
5 Do you recall if you looked at that?

6           A. I -- that does not ring a bell. I may well  
7 have if I see the document.

8           Q. Would you take a look at SPX 683 for a moment.  
9 I want you to look at 683, the first tab, the Key  
10 memorandum in opposition to Upsher's motion for summary  
11 judgment.

12                   And once again, Your Honor, this is a  
13 confidential document, and I am not intending to elicit  
14 any confidential testimony with respect to it.

15                   Do you have Upsher --

16           A. I have the document, yes.

17           Q. Do you have Key's memorandum? The only  
18 question I have is, did you study this memorandum in  
19 forming your opinion, sir?

20           A. I remembered what I studied when you took my  
21 deposition, and I have not looked at this -- this --  
22 wait a minute, I may have quickly looked at it  
23 recently, but I do not remember what my answer was or  
24 whether you asked me specifically about this document  
25 when you took my deposition.

1           Q. All right. Do you agree, sir -- that's all I'm  
2 going to ask you about the memo.

3           Do you agree with me, sir, that amending a  
4 claim during prosecution is a common practice in the  
5 course of getting a patent?

6           A. Sure.

7           Q. Claims are frequently amended during  
8 prosecution, correct?

9           A. Certainly.

10          Q. And this practice of amending claims to  
11 overcome prior art doesn't necessarily create an  
12 estoppel, at least at the time we're talking about in  
13 the Upsher case, correct?

14          A. Well, I'd want to see the facts. Amending a  
15 claim, narrowing a claim to overcome prior art is --  
16 it's -- if you mean does it necessarily prevent some  
17 use of that claim under the doctrine of equivalents, if  
18 that's your question --

19          Q. That is my question.

20          A. -- I would agree with that at the time we  
21 were -- we're talking about.

22          Q. And why don't I just ask so that we're clear  
23 that for my next series of questions, let's focus our  
24 time frame on the time that the Upsher settlement  
25 occurred.

1           A. Yes, and I thought we were. I mean, I've been  
2     doing that.

3           Q. Do you agree, sir, that at that time the reason  
4     for claim amendments -- the reason a claim amendment  
5     was made was relevant to whether or not there was an  
6     estoppel?

7           A. Yes, the Federal Circuit has said that.

8           Q. And you agree that to apply the doctrine of  
9     prosecution history estoppel, you're supposed to make a  
10    close examination not only as to what was surrendered  
11    but also to the reasons for the surrender, correct?

12          A. Yes, the Federal Circuit has said that. We  
13    are, however, in the post-Warner-Jenkinson era, and  
14    already that case created an increased focus on  
15    prosecution history estoppel, because of the emphasis  
16    by Mr. Justice Thomas on it, but with that -- but with  
17    that caveat, I don't disagree that the Federal Circuit  
18    has said what you've said.

19          Q. The reasons for an amendment are important to  
20    the analysis, correct?

21          A. I think it's what they've said, and that's  
22    about all I can say.

23          Q. And you agree, sir, don't you, that you did not  
24    think about the reason for the ethylcellulose viscosity  
25    amendment in forming your estoppel opinion?

1           A. I didn't think about whether it was right or  
2 not, that's correct. I just said they said this is why  
3 they're doing it, and they did it. I'm -- and I think  
4 that is quite accurate, that whether it was a necessary  
5 amendment or not, whether they had to do it, I did not  
6 make a determination, that's correct, and I think it's  
7 irrelevant.

8           Q. Could I see page 51 of the witness' deposition,  
9 please, and get the question that begins on line 12.

10           Now, sir, you were asked the question:

11           "QUESTION: Did you think about the reason for  
12 the ethylcellulose viscosity amendment in forming your  
13 opinions in Paragraphs 13 and 14?

14           "ANSWER: No."

15           Were you asked that question and did you give  
16 that answer?

17           A. Yes.

18           Q. And paragraphs 13 and 14 of your report contain  
19 your opinions on prosecution history estoppel, correct?

20           A. I don't remember the pages, but --

21           Q. Well, we can check them.

22           A. -- but I -- I am somewhat at a loss to see the  
23 inconsistency that apparently excites you. My  
24 statement is the actual reasons which were, if I  
25 remember, that it was better for tableting or not, I

1 didn't consider whether it was better for tableting or  
2 not affected my opinion. It may be that it wasn't  
3 better for tableting or not. They said that, and I did  
4 not evaluate is that -- is that correct. It's what the  
5 record shows, not whether the record accurately  
6 reflects the science, and that's my view today, and  
7 that's my view then.

8 MS. MICHEL: Your Honor, if Mr. Adelman's going  
9 to be questioned -- if Professor Adelman's going to be  
10 questioned on his deposition, I have a complete clean  
11 copy that I would like to hand him so he can see the  
12 questions in the context.

13 BY MR. LAVELLE:

14 Q. Well, you have it, and I do apologize, you do  
15 have it in your book, and let me just point it out to  
16 you. It's SPX 1301.

17 A. I do have it.

18 Q. And any time you need to --

19 A. I do have it, and I see it here, sure. I mean,  
20 I -- I did not and never have considered the accuracy  
21 in any way of the reason -- I didn't say I didn't see  
22 that there were reasons. I didn't consider them. They  
23 had reasons they did it. I didn't say, you know, they  
24 did it for this reason, that's probably wrong. It's  
25 probably technically wrong. They -- I didn't do that,

1 and I don't think it's relevant, and I still don't  
2 think it's relevant, and I didn't think it was relevant  
3 then.

4 Q. Okay. You agree, don't you, that claims can be  
5 amended for different reasons?

6 A. In the abstract, claims can be amended for  
7 different reasons, sure.

8 Q. And in the practical reality, claim amendments  
9 are made for different reasons on different occasions,  
10 true?

11 A. Different reasons, in this case we know what  
12 the reason was, but it can be that it could be a  
13 different reason. I can give you an example from this  
14 case, if you --

15 Q. Well, let me ask you a question perhaps.  
16 Sometimes claims are amended to define around  
17 the prior art, true?

18 A. That's correct.

19 Q. And sometimes claims are amended to impart  
20 better precision to the claims, correct?

21 A. That's correct.

22 Q. And there are probably other reasons for  
23 amending claims.

24 A. Those two we have examples of in this case.

25 Q. Okay. And at the time we're talking about, at

1 the time of the Upsher settlement, a claim change that  
2 wasn't required for patentability didn't create an  
3 estoppel, true?

4 A. That is correct.

5 Q. Okay. And at the --

6 A. At that time.

7 Q. At that time.

8 A. Right, we agree. We agree.

9 Q. Okay.

10 A. I mean, there were some cases that said the  
11 opposite, but I -- I would -- I would accept that  
12 proposition.

13 Q. Paul vs. Micron said the proposition that I  
14 just articulated.

15 A. I know, but there were others, but I happen to  
16 agree with Paul, so I am not going to argue with you  
17 there.

18 Q. And at the time of the Upsher case, there was  
19 no all-encompassing rule that estoppel results from all  
20 claim changes or all arguments whatever the cause,  
21 true?

22 A. I would agree with that, that you -- it was --  
23 there was an objective test of what a competitor would  
24 get, as -- that was the usual statement, from what  
25 happened.

1 Q. Sometimes the courts said competitor, sometimes  
2 it said one of skill in the art, but you think they're  
3 synonymous, right, at least for this purpose?

4 A. For this purpose, I don't see a difference.

5 Q. All right. What the court instructed us to do  
6 to determine if there was an estoppel was to look  
7 carefully at the objective record, correct?

8 A. Yes.

9 Q. And the March 1st amendment that you testified  
10 about where the viscosity limitation was added, that  
11 amendment was made in response to a prior art  
12 rejection, as you testified to, correct?

13 A. Yes.

14 Q. And could we look at that rejection? It's SPX  
15 708 in your book.

16 Your Honor, for the record, 708 is just an  
17 excerpt of the prosecution history -- that piece of the  
18 prosecution history where the rejection occurred.

19 JUDGE CHAPPELL: Okay.

20 MR. LAVELLE: It's also a part of CX 647.

21 BY MR. LAVELLE:

22 Q. Do you have the rejection in front of you,  
23 Professor Adelman?

24 A. I have -- I have 708. I'm just checking, since  
25 there were two rejections, I want to be sure which one



1 we're talking about.

2 Q. Please. Please, take your time.

3 A. Yes.

4 Q. And the examiner rejected the claims as prima  
5 facie obvious over five references, right?

6 A. Yes.

7 Q. The primary reference was the Hsiao '399  
8 patent.

9 A. Correct.

10 Q. And in forming your opinion, you did not  
11 attempt to assess the correctness of the examiner's  
12 rejection here, correct?

13 A. That is correct.

14 Q. And in forming your opinion, you didn't study  
15 the Hsiao '399 patent, correct?

16 A. That is correct.

17 Q. And you can't -- I'm sorry, and you also didn't  
18 study the other four references relied on by the Patent  
19 Office in forming your opinion.

20 A. That is correct.

21 Q. And that would be Polli, the two Edgrens and  
22 the Kopf reference that are listed on page 04075 of  
23 Exhibit 704.

24 A. That's right, I didn't make an independent  
25 technical appraisal about whether the statements made

1     about those references by the examiner were actually  
2     correct.

3           Q.   And you didn't study the references in forming  
4     your opinion about estoppel, true?

5           A.   When you say you didn't study the references,  
6     what I meant by that was I didn't study the references  
7     and say now I understand what they teach to one skilled  
8     in the art. That is correct.

9           Q.   Okay, thank you, sir. That was really the  
10    essence of my question.

11          A.   Yeah, I thought it was, but I wanted to be  
12    sure, because there's a description of these references  
13    throughout this prosecution history. I don't want to  
14    convey the impression that I didn't look at that, but I  
15    did not go -- say, okay, that's what they say Hsiao  
16    says, are they right? Is that what Hsiao teaches?  
17    That I did not do, that is correct.

18          Q.   And I appreciate your precision there.

19                You can't as a result say which limitations in  
20    the '743 patent were required by the prior art, true?

21          A.   Well, I can.

22          Q.   You cannot, correct?

23          A.   No, I can. I don't understand what your  
24    problem is. Of course I can in terms of how the prior  
25    art is described in the prosecution history. I'm not

1 saying as an independent matter, separate and apart  
2 from what I described this morning, whether these  
3 changes had to be made in view of the prior art.  
4 Clearly I cannot do that. I mean, that would take  
5 one -- that's one skilled in the art, the technical  
6 art, who would read the references, who could make a  
7 determination based on the prior art, redo all of this,  
8 make a determination what would be the scope of the  
9 invention, if any, and I cannot do that.

10 Q. Okay.

11 A. And did not do that.

12 Q. And you don't have an opinion as to whether  
13 claim 1, in fact, could have been allowed without the  
14 limitation of the viscosity greater than 40, correct?

15 A. That is correct. I mean, "could have" is the  
16 operative phrase, not "would have," "could have."

17 Q. Right.

18 A. If we went all the way to the Federal Circuit  
19 with the proper record. I do not have an opinion.

20 Q. Right. And you can't say that the prior art  
21 required the addition of the viscosity limitations of  
22 the claim. You can't say that, correct?

23 A. I think I've said that -- I just want to be  
24 sure that you're not getting me to say something  
25 different than I've already said about five times, that

1 I cannot -- I am not one skilled in the art. I,  
2 therefore, cannot make that determination. I did not  
3 make that determination. I can only say what did, in  
4 fact, happen with respect to those references in the  
5 Patent Office.

6 Q. Okay, would you go to SPX 709, please? It's  
7 the amendment that followed the examiner's rejection.

8 A. Yes.

9 Q. Again, focusing on, as you say, what did  
10 happen, all right, the applicants in this amendment  
11 describe the reason for amending claim 1, don't they?

12 A. Yes.

13 Q. And what they say is that the claims have been  
14 amended to more precisely define the claimed invention,  
15 right?

16 A. Yeah, and then they go on to point out that you  
17 can't simply make the substitution anymore.

18 MR. LAVELLE: Your Honor, could I -- I move to  
19 strike everything after "yes" as nonresponsive.

20 JUDGE CHAPPELL: Okay, I am going to sustain  
21 that. I'll disregard everything after "yeah."

22 MR. LAVELLE: Thank you, Your Honor.

23 BY MR. LAVELLE:

24 Q. Sir, the applicants in this amendment never  
25 state that they've amended claim 1 to surrender claim

1 coverage that ethylcellulose viscosity is less than 40.  
2 They never say that, do they?

3 A. Who ever says that? If you're asking me, did  
4 they ever say by this activity we mean -- just to make  
5 it absolutely clear, so that anybody who reads this  
6 record will understand -- that we are disclaiming  
7 everything under 40, I doubt if you'll find that in any  
8 prosecution history estoppel case ever, but if that's  
9 what you're asking me, the answer is I don't remember  
10 those words.

11 Q. And the applicants in this amendment nowhere  
12 say that their invention doesn't include viscosities  
13 less than 40. They don't use those words, do they,  
14 sir?

15 A. Once again, you will never find that in any  
16 prosecution history estoppel case, including this one.

17 Q. Okay. Now, the first part of this amendment to  
18 claim 1 changes the dosage form to be a tablet. We  
19 agree about that, correct?

20 A. Yes.

21 Q. And the second change in the claim changes the  
22 viscosity limitations that now includes a limitation  
23 that the ethylcellulose have viscosity greater than 40,  
24 right?

25 A. Correct.

1           Q. And the patent teaches, the '743 patent,  
2 teaches that viscosities greater than 40 are preferred  
3 for tablets, correct?

4           A. Yes.

5           Q. And so it's consistent with the teachings of  
6 the patent to view the viscosity limitation as related  
7 to clarifying the claim to be about a tablet. That's  
8 consistent, right?

9           A. No, and I don't think you were listening to me  
10 when I gave my direct testimony. There is -- the first  
11 amendment specifically claims tablet form, and it says  
12 anything above 6. So, there, they were clearly  
13 claiming -- and this is an amendment, after the first  
14 office action, they're clearly saying our invention  
15 covers any centipoise above 6. That's what it says in  
16 that claim, in tablet form only. They were claiming  
17 that. Now what happens? Then you can't make the  
18 argument, if you're claiming that, you can't make the  
19 argument that the substitution causes changes. So, you  
20 have to argue that the prima facie obviousness is wrong  
21 or whatever, which is what they did.

22           The examiner comes back and says, no, I think  
23 it's prima facie obvious. They then come back and  
24 amend all the claims, so it's 40 or above. They do not  
25 claim the tablet with less than 40, but more than 6,

1     which they were claiming before. And then you can't  
2     make the substitution, they say, because of a  
3     deficiency in the '399 reference. I don't know what  
4     could be clearer than that.

5           Q. In forming your opinion about surrender, you  
6     didn't think about whether the two amendments to the  
7     claim are both related to the limitation of tablets,  
8     true?

9           A. At this point in time, I'm not sure I  
10    understand -- the two amendments to the claim were both  
11    related to the tablets? I think it is true that it was  
12    not as clear to me when I first read it as it is today  
13    that -- that you had claimed the tablet form  
14    generically. I mean, I think that that really wouldn't  
15    matter because you claimed 40 and you said you had to  
16    do it to define over the prior art, but this hits me  
17    now as we go over this that -- that -- I never  
18    understood the argument that we weren't defining over  
19    the prior art.

20           I -- I go over it here in court, and I'm  
21    absolutely at a loss to figure out how anybody could  
22    say based on this record that we're not defining over  
23    the prior, and I stick with that.

24           Q. Okay, all right, why don't you stick with that.  
25           You agree, sir, don't you, that to surrender

1 claim coverage, statements must -- statements in a  
2 prosecution history must be unequivocal and  
3 unmistakable?

4 A. That is not how the Federal Circuit has applied  
5 it. I'm sure that you will find a case that will say  
6 such a thing.

7 Q. I brought a treatise --

8 A. But I -- I -- I'm not going to fight any -- any  
9 statement you'll find in a case. I will stick with  
10 what I've said. This was unmistakable. It's not  
11 very -- it's not rocket science. They clearly claimed  
12 a tablet form that had 6 or better. They got rejected.  
13 Now they're saying we're defining over the art because  
14 it isn't just a sheer substitution.

15 Q. My question is I think simpler. It's just will  
16 you agree that for an argument to result in a  
17 surrender, it has to be unequivocal and unmistakable  
18 that it's disavowal of coverage?

19 A. I won't agree with that, because the Federal  
20 Circuit has not applied that if you're really totally  
21 strict about it. I won't quibble that you can find  
22 such language in a case. I'm not going to quibble  
23 about that. I'm not going to quibble here, because  
24 this is clear and unmistakable anyhow. It can't be any  
25 clearer than what we've gone through here, but I don't



1 want to misstate the law and say that the Federal  
2 Circuit has -- has not applied estoppel before Festo by  
3 saying -- in fact, they were finding estoppels, if you  
4 read Patent Law Perspectives, a couple times in cases  
5 where I think they stretched, and it certainly wasn't  
6 clear and unmistakable. So, I can't agree with the  
7 statement, but I can agree that the statement is in a  
8 case.

9 Q. Would you agree with me that the statement that  
10 surrender has to be unequivocal and unmistakable is  
11 found in a case book called Cases and Materials on  
12 Patent Law, by Martin J. Adelman, Judge Rader --

13 A. Yeah.

14 Q. -- Mr. Thomas and Mr. Wegner?

15 A. Absolutely, it's in the case.

16 Q. Well, it's not in the case actually. Let's put  
17 it on the ELMO here. It's how you characterized the  
18 cases, isn't it? See, I'll put this on the ELMO, then  
19 I'll give it to you. I don't have an extra copy.

20 A. No, that's fine.

21 Q. But let me just put it on the ELMO. This is  
22 in -- just to orient you, you have a chapter on the  
23 doctrine of equivalents. You're familiar with that,  
24 right?

25 A. Yeah.

1 Q. Did you write this chapter?

2 A. No, and I can -- because we're working with a  
3 judge from the Court of Appeals for the Federal  
4 Circuit, we did not necessarily agree that various  
5 cases are sound law, because we had four people, but  
6 there's no doubt it's in a case. I mean, I -- and we  
7 would put it in here. I did not write it.

8 Q. This is your case book, right? That's your  
9 name on the front cover, Martin J. Adelman? That's  
10 you, true?

11 A. I mean, you're not really asking me that.

12 Q. Yes, I am. That's you, right?

13 A. Well, I'll deny that it's me. I mean,  
14 seriously, of course.

15 Q. Fine, thank you. And you said in this book --

16 A. I did not say -- listen to what I say. I said  
17 that we put together this case book. We have a judge  
18 from the Federal Circuit who obviously cannot take  
19 positions of liking a case or not. This is clearly in  
20 a case at the time, and I said it was in a case. So,  
21 if you want to cite this case book as absolute  
22 authority, you better be a little bit careful, because  
23 we're fairly hard on the doctrine of equivalents if  
24 we're going to use other parts, and I would not use  
25 this one -- one way or another, but it's in a case,

1 and -- and we put a lot of stuff in there that we agree  
2 or don't agree with.

3 Q. And here, what's put in the case book is that  
4 unmistakable assertions have to be unequivocal and  
5 unmistakable in their disavowal of coverage, right?

6 A. When you say I, you'll probably get in trouble  
7 with the Federal Circuit, because there are other  
8 people involved, but it's in -- it's in the case,  
9 whether it's in our case book or not.

10 Q. Could we look at your expert report for a  
11 moment? It is --

12 A. What --

13 Q. As soon as I know, I'll tell you, sir.

14 A. It may be in here.

15 Q. Sir, it's CX 754.

16 A. CX?

17 Q. No, I'm sorry, it's SPX 7 -- oh, it is CX.

18 Could I approach, Your Honor?

19 JUDGE CHAPPELL: Yes, you may.

20 BY MR. LAVELLE:

21 Q. I apologize.

22 A. No, I've got it here.

23 Q. Have you got it?

24 A. Yes, it is CX 754.

25 Q. I apologize for the size of the book. If I'd

1 had more time, it would have been shorter.

2 A. No problem.

3 Q. I want to focus you, sir, on your surrender  
4 opinion that you state in paragraphs 13 and 14 of your  
5 expert report. They're on pages 4 and 5.

6 A. Oh, okay, I thought it was longer.

7 Q. And the two paragraphs that you rely on as an  
8 unmistakable surrender are -- you quote in paragraph 13  
9 of your report, correct?

10 MR. CURRAN: Mr. Lavelle, could you pull that  
11 off for a second?

12 (Counsel conferring.)

13 MR. LAVELLE: Your Honor, I apologize for the  
14 delay. We are just going to try and make sure that  
15 nothing on the ELMO discloses anything confidential.

16 JUDGE CHAPPELL: All right, thank you.

17 BY MR. LAVELLE:

18 Q. Mr. Adelman, I have put paragraph 13 of your  
19 report on the ELMO, and I blacked out part of it only  
20 because we're on the public record. If you need to  
21 consult anything that I've covered up, you look at the  
22 one in front of you, okay?

23 A. Oh, okay, I --

24 Q. I just want to make it clear to you that you're  
25 free to consult with --

1           A. No, I was -- I didn't question that. I was  
2 wondering what happened here, but yes, okay.

3           Q. There's information on that portion that Upsher  
4 is concerned about --

5           A. No, I've got it.

6           Q. Okay, great.

7           Now, these are the two statements that you're  
8 relying on as being -- as causing the surrender of  
9 claim coverage, correct?

10          A. Those I picked out -- I, as I sit here, rely on  
11 what I said in more elaborate form in my testimony here  
12 today, and so if -- and I think I did say more than I  
13 find here.

14          Q. At the time you wrote your report, these were  
15 the only two statements in the prosecution history you  
16 were relying on, true?

17          A. That -- that's what I said. I have read the  
18 prosecution history. I don't think I've seen a clearer  
19 case, and I stick to that based on what I've laid out  
20 here this morning.

21          Q. At the time you formed -- my question is  
22 slightly different. At the time you formed your  
23 opinion, these were the two statements you were relying  
24 on as creating an estoppel, true?

25          A. I don't think that's true. I -- these are --

1     these I picked out in writing the report, but I had  
2     read the prosecution history, and so I don't want to  
3     say that I wasn't relying on the prosecution history in  
4     total structure as I laid out perhaps more clearly  
5     today than I would in my report, and obviously my  
6     testimony here today is what counts, but if you want  
7     to -- if you want to go back to what I was thinking,  
8     then fine, I'll -- I'll -- I don't completely remember.

9           Q.    Could we go to page 32 of the deposition of  
10    Professor Adelman, please.  Actually, I can't find it.  
11    Let me move on, sir.

12           A.    I have the deposition somewhere.

13           Q.    I can't find the page, I'm just going to move  
14    on.

15                   I want to ask you about the two statements that  
16    we have up -- let's go back to my ELMO here.  I just  
17    want to ask you a couple of questions about these two  
18    statements.

19                   The first statement that you rely on there, "A  
20    careful analysis of the [prior art patent] would not  
21    lead one skilled in the art to utilize an  
22    ethylcellulose polymer having a viscosity of greater  
23    than 40 cp and preferably a viscosity of about 85-100  
24    cp to produce a sustained release potassium chloride  
25    tablet."

1           Now, that statement is a statement about what  
2   the prior art Hsiao '399 patent teaches, true?

3           A. Yes.

4           Q. And the second statement says, "The grade of  
5   ethylcellulose used in practicing the present invention  
6   is important to obtain potassium chloride tablets  
7   exhibiting controlled release properties."

8           Now, that statement relates to the  
9   ethylcellulose viscosity that the patent talks about,  
10   the '743 patent talks about, right?

11          A. Yes.

12          Q. And the '743 patent -- just before I ask you  
13   that, I think you testified on direct that it's your  
14   understanding that the Hsiao '399 patent, that  
15   disclosed an ethylcellulose viscosity of about 10,  
16   right?

17          A. It -- that's what it said, that the one  
18   example --

19          Q. The one example.

20          A. -- used 10.

21          Q. Okay.

22          A. That is correct, that's what it said.

23          Q. And the '743 patent teaches that a viscosity of  
24   10 is not useful in making potassium chloride tablets,  
25   true?

1           A. Well, false. It claimed it and -- and  
2 specifically claimed it. Now, I think it's fair to say  
3 that it gets -- that it teaches that it gets better,  
4 but -- but the -- after amendment, and I'll repeat,  
5 there is a specific claim to tablets only that starts  
6 with 6 and better, and that's claimed, and in tablet  
7 form only.

8           Now, the -- these statements, which I do think  
9 are important but don't give the total context that I  
10 gave today for them, that is, the amendment, the prima  
11 facie obviousness, the overcoming of the prima facie  
12 obviousness by putting 40 centipoise in, simply feed  
13 into it, but I can show you that it was claimed, the  
14 pill form was claimed with 6 or better. Clearly that  
15 was deliberate. It was after the first rejection, so  
16 they weren't taking the position then that it wouldn't  
17 work.

18           This teaches it's better, so if you -- if you  
19 increase the centipoise from 6, it's -- it's better,  
20 and these statements are consistent with -- with that.

21           Q. The specific claim to a tablet with a low  
22 viscosity ethylcellulose that you're talking about was  
23 cancelled, true?

24           A. Well, it was cancelled in the second office  
25 action.



1 Q. Right.

2 A. It was deliberate -- after there was a  
3 rejection for obviousness, it was cancelled, and  
4 instead, the same claim was put in with viscosity  
5 greater than 40, the exact same claim.

6 Q. And this patent teaches that viscosities of 10  
7 didn't make tablets with acceptable sustained release  
8 properties, doesn't it?

9 A. That's what the specification says; however, it  
10 wasn't so bad that they didn't want to claim it as part  
11 of their monopoly. Pill form with 6 or better, they  
12 didn't tell the Patent Office, look, that's not --  
13 that's no good, we don't want our claims to cover that.  
14 All they told the Patent Office is it gets better when  
15 you increase the centipoise. So, then what happens?

16 The examiner says, I'm not going to give you  
17 that with 6, and they say, well, how about a greater  
18 than 40? And the examiner says, you've got a deal.  
19 That's what happened.

20 Q. Well, except that you left out the step that  
21 they told the Patent Office to delete the claim to 6,  
22 that we don't want that as any part of our patent  
23 monopoly, true?

24 A. Well, they amended the claim --

25 Q. We can look at it. It says --

1           A. Well, we can look --

2           Q. -- delete claim 8 --

3           A. Excuse me, let me answer. When you make that  
4 statement, you -- you are, of course, wrong, but it  
5 sounds rhetorical. If I -- if I cancel a claim -- a  
6 claim, put in another claim that's the same claim but  
7 has a limitation, you can either say you amended the  
8 claim or you can say you cancelled one and substituted  
9 another. It's a matter of semantics. The facts are  
10 clear. You had a claim that you were claiming 6 and  
11 above in tablet form, and that was deliberate. That  
12 wasn't an accident, because that was put in after the  
13 first office action. That's in the case.

14           After you get this rejection, you can do it one  
15 of two ways. You can amend that claim or you can  
16 cancel that claim and amend the other claim so that  
17 it's the same. So, this is a matter of semantics, and  
18 I don't know that we should be arguing semantics. The  
19 reality is what were you claiming before and what are  
20 you claiming after.

21           Q. And they deleted claim 8, which is the claim  
22 you were talking about, right?

23           A. You say they deleted claim 8.

24           Q. Well, let's go to SPX --

25           A. No, I mean, don't come and say they cancelled

1 claim 8. They didn't delete claim 8. They took claim  
2 8 and made it into claim 1 with the additional  
3 limitation of 40.

4 Q. If you go to SPX 709.

5 A. Let's go. Okay.

6 Q. And if you go to the second page.

7 A. I've got it.

8 Q. The applicants say there that they're deleting  
9 claim 8, don't they?

10 A. And the applicants amend claim 1.

11 Q. Right.

12 A. Now, you tell me the difference between claim 1  
13 and claim 8 except for that 40 centipoise limitation.  
14 You tell me the difference between claim 1 and claim 8  
15 except for that 40 centipoise change.

16 Q. Let me ask you a different question, sir.

17 A. Because there isn't any difference, and  
18 therefore, it is perfectly clear that in my  
19 terminology, they amended claim 8. Formally, they  
20 cancelled claim 8 and conformed claim 1 to claim 8 with  
21 the additional limitation.

22 Q. Sir, let's look at your expert report again and  
23 to this statement about the grade of ethylcellulose  
24 being important, all right?

25 A. Yeah.

1           Q. The applicants don't state there which grade of  
2 ethylcellulose is important, true?

3           A. That's true.

4           Q. And the patent teaches that 10 wasn't robust  
5 for making tablets, true?

6           A. It wasn't robust?

7           Q. I'm sorry, let me ask you a more precise  
8 question.

9           A. Yeah, what's that?

10          Q. Yes.

11          A. I mean, it was claimed, it was --

12          Q. The patent contains two examples that show that  
13 when you use ethylcellulose 10 for tablets, you don't  
14 get an acceptable sustained release profile, true?

15          A. Well, again, what's acceptable? It clearly  
16 wasn't as good -- I'm not a technical expert. It  
17 clearly wasn't as good as a hundred. They had 10 and  
18 100, and it looked to me like 100 was better than 10,  
19 but you've made a big point about my not being an  
20 expert or one skilled in the art, so that's -- that's  
21 the way I would read it, but...

22          Q. Isn't it one plausible reading of this  
23 statement that the grade of ethylcellulose that the  
24 applicant considers to be important is that you not use  
25 10, which is what was shown in the prior art reference?

1 True?

2 A. No. No, that's not plausible. If they wanted  
3 to say that, then they could claim 11. I mean, that's  
4 simply wrong. They -- they clearly were in a position  
5 where either they were going to fight it out to the  
6 Board of Appeals on the substitution argument or they  
7 were going to have to retreat to some -- something that  
8 was substantially different than 10, and they decided  
9 to retreat and take their marbles and go home, and  
10 exactly why they picked 40, I'd have to speculate.

11 Q. Well, let me just ask you one other question  
12 here. The statement we're looking at appears on page 5  
13 of the office action, SPX 709, correct?

14 A. What --

15 Q. It's about the fifth line down --

16 A. We're talking about the office action now or  
17 the amendment?

18 Q. No, I'm sorry, the amendment, SPX 709.

19 A. 709, okay. You mean page 5 of 709. Yes.

20 Q. Okay, the statement that you're referring to,  
21 the grade of ethylcellulose in the present invention is  
22 important, is there in that paragraph that bridges 4  
23 onto 5, right?

24 A. Yes, that's correct.

25 Q. And immediately before it is a discussion of

1 the Hsiao '399 patent, true?

2 A. I know there's a discussion. Let's see. Yes.

3 Q. And the sentence before it says that the Hsiao  
4 '399 patent has a description of ethylcellulose with a  
5 viscosity of 10, true?

6 A. Yes.

7 Q. And so isn't it fair that a fair inference, a  
8 plausible inference, perhaps not your inference, but a  
9 plausible inference is that what the applicant is  
10 saying in this sentence is that it's important to my  
11 invention that you don't use 10? Isn't that fair, sir?

12 A. No. If they wanted to say that, it was fairly  
13 easy to say, don't use 10, and they would have claimed  
14 11. Instead, they did what I said they did. They put  
15 40 in there, and they made these statements.

16 Now, you make statements in connection with  
17 claims, not in connection with hypothetical claims that  
18 would have said 11, and then come back into court and  
19 make plausible arguments, well, I really meant to say  
20 that I only had to disclaim 10 and I claimed 11 and  
21 above. They were free to claim 11 and above and say  
22 this the only thing that they didn't want to claim was  
23 10. That might have gotten them in a -- or might not  
24 have helped them, but their strategic decision was to  
25 take a big retreat and go to 40. That's what they did.

1           Now, I don't think it's plausible to say that  
2     taking a big retreat to 40, well, they really meant to  
3     say -- they only meant to disclaim 10, and really they  
4     had 11. They covered 6 and above, and they knew about  
5     the Hsiao patent. They deliberately put in 6 and above  
6     with the Hsiao patent in front of them, the '399 patent  
7     is in front of the patent lawyers, and they didn't make  
8     any argument at all about their ethylcellulose. When  
9     that failed, then they made the retreat, and you have  
10    to read it in that context.

11           MR. LAVELLE: Your Honor, I have no further  
12    questions of this witness.

13           Thank you, Professor Adelman, for your time.

14           JUDGE CHAPPELL: Does Upsher have any cross?

15           MR. CROWE: Yes, Your Honor, very briefly.

16           JUDGE CHAPPELL: Go ahead.

17                   CROSS EXAMINATION

18           BY MR. CROWE:

19           Q. Sir, good afternoon.

20           A. Good afternoon.

21           Q. Jaime Crowe on behalf of Upsher-Smith.

22           Sir, you testified that in forming your opinion  
23    you reviewed the summary judgment papers from the  
24    Upsher-Smith and Schering patent litigation. Is that  
25    correct?

1           A. What I testified to was with respect to the  
2 documents that were in the report that I filed.

3           Q. And that included summary judgment papers,  
4 right?

5           A. And I'd have to take a look at it -- if it did,  
6 I take your word for it if it did.

7           Q. Sir, you're not aware of any rule or statute  
8 that requires a district judge to issue a ruling after  
9 a bench trial within a certain period of time, are you?

10          A. No, I'm not.

11          Q. And you're not aware of any rule or statute  
12 that requires a district judge to decide a summary  
13 judgment motion within a certain period of time, right?

14          A. I am -- I am not. It may exist, but I am not.

15          Q. And you're not aware of any rule or statute  
16 that requires the Federal Circuit to rule on an appeal  
17 within a certain period of time. Isn't that correct?

18          A. That is correct.

19          Q. In fact, sir, even in simple patent cases, it  
20 can take up to five years in some district courts for a  
21 patent case to be decided, correct?

22                 MS. MICHEL: Your Honor, I object to this line  
23 of questioning as outside the scope of direct and  
24 outside the scope of Professor Adelman's report.

25                 MR. CROWE: Your Honor, Professor Adelman has



1     been testifying about his review of the summary  
2     judgment papers and papers related to the summary  
3     judgment motion in the patent case in the New Jersey  
4     District Court. I just have a few questions about his  
5     understanding of the way that procedures, certain  
6     procedures, work in Federal District Court, both --  
7     well, in the Federal District Court and Federal -- and  
8     the Federal Circuit, Your Honor.

9             MS. MICHEL: Professor Adelman's not testified  
10     on any court procedures in his direct, and therefore, I  
11     think this line is outside the scope of his direct.

12            MR. CROWE: Your Honor, I'm asking Professor  
13     Adelman questions that were covered in his deposition.

14            JUDGE CHAPPELL: Did he talk about procedure  
15     and time periods in his direct?

16            MR. CROWE: Well, I think Professor Adelman  
17     said that he had a pretty good feel for what goes on in  
18     the Federal Circuit. That's a pretty broad statement.

19            JUDGE CHAPPELL: And so you're testing the data  
20     and assumptions underlying those opinions?

21            MR. CROWE: I'm asking him certain questions  
22     and whether or not he agrees or disagrees.

23            JUDGE CHAPPELL: Was that a yes to my question?

24            MR. CROWE: Yes, Your Honor.

25            JUDGE CHAPPELL: It's overruled. Go ahead.

1 BY MR. CROWE:

2 Q. Sir, in fact, in simple patent cases, district  
3 courts can take up to five years in deciding a case.  
4 Is that correct?

5 A. I really don't know. I mean, I'm sure there  
6 are some horror stories like that where judges don't  
7 decide cases, and I can't tell you about New Jersey,  
8 because my testimony related to what the law was,  
9 what -- at the time. Whether the New Jersey Court --  
10 you know, whether the judge could have gotten sick, not  
11 ruled on the case or whether the Federal Circuit could  
12 have gotten into an argument, I -- I did not take any  
13 of those thing into account.

14 My only question was based on the law,  
15 Upsher-Smith would have won in the Federal Circuit.  
16 When that would have happened, I don't know.

17 Q. So, sir, you don't disagree that in simple  
18 cases, it can sometimes take five years in some  
19 district courts, correct?

20 MS. MICHEL: Objection, calls for speculation.

21 JUDGE CHAPPELL: It's not like he's asking how  
22 an atom splits. I'll allow it. Go ahead. Overruled.

23 THE WITNESS: I have heard that said. I don't  
24 want to testify as an expert about it, because I  
25 haven't investigated the district courts. Most of the

1 ones that I'm familiar with work a lot faster, but  
2 you're certainly not going to get me to say that there  
3 aren't courts that are way backed up or where the  
4 judges are just so overloaded that they're not deciding  
5 cases.

6 BY MR. CROWE:

7 Q. Sir, let me turn your attention to your  
8 deposition from December 13th, 2001. Do you remember  
9 when you were asked:

10 "QUESTION: Is it fair to say that depending on  
11 the District Court, these cases could take long periods  
12 of time?"

13 Your answer was, "Simple cases can take five  
14 years in some District Courts, sure."

15 That was your testimony, right?

16 A. Yeah, but I don't want to sit here --

17 Q. Thank you, you've answered my question.

18 A. No, I don't want to sit here --

19 Q. Sir --

20 A. -- and pontificate about this as an expert on  
21 what happens in District Courts.

22 MR. CROWE: Your Honor, I ask that the last  
23 part of his statement be stricken after he gave a  
24 responsive answer.

25 JUDGE CHAPPELL: I think you've made your

1 point, Mr. Crowe. I'll overrule you, but I think you  
2 can move on.

3 BY MR. CROWE:

4 Q. Professor Adelman, you're aware that the  
5 Federal Circuit in some cases has sat on patent cases  
6 for three years, correct?

7 A. I have heard that. I think there was one  
8 longer than that.

9 Q. And sir, in the Upsher-Smith/Schering-Plough  
10 patent litigation, any patent -- any appellate decision  
11 certainly could have been delayed until the Festo  
12 decision in the Federal Circuit, correct?

13 MS. MICHEL: Objection, calls for speculation.

14 JUDGE CHAPPELL: Didn't he talk about Festo  
15 earlier in his testimony?

16 MR. CROWE: Well, Your Honor, he testified that  
17 he had a good feel for what happens in the Federal  
18 Circuit.

19 MS. MICHEL: Again, Professor Adelman provided  
20 no testimony on the timing of decisions in his direct.  
21 He talked about Festo in the sense of the substance of  
22 the law but provided no opinions on how that case would  
23 have affected the timing of any appellate decisions.

24 MR. CROWE: He testified about Festo, Your  
25 Honor.

1 JUDGE CHAPPELL: I'll allow it. Overruled.

2 BY MR. CROWE:

3 Q. Would you like the question reread, sir?

4 A. Yes.

5 (The record was read as follows:)

6 "QUESTION: And sir, in the  
7 Upsher-Smith/Schering-Plough patent litigation, any  
8 appellate decision certainly could have been delayed  
9 until the Festo decision in the Federal Circuit,  
10 correct?"

11 THE WITNESS: I mean, I suppose so. Maybe some  
12 advocate would know that Festo was coming down and  
13 would do things in the Federal Circuit to stall. I  
14 don't know. It's all speculation.

15 BY MR. CROWE:

16 Q. Sir, let me turn your attention again to your  
17 deposition of December 13th, 2001. Do you recall when  
18 you testified:

19 "If we say, well, it would go on appeal,  
20 they've sat on cases for three years," you're referring  
21 there to the Federal Circuit, and then you continue,  
22 "If we're going to talk about subsequent cases, they  
23 may not have decided this case today, I mean, I don't  
24 know what the biggest backlog is today in the Federal  
25 Circuit, but certainly it could have been delayed until

1 Festo."

2 That was your testimony, correct, sir?

3 MS. MICHEL: Your Honor, I would like a  
4 direction to what page we're referring to and I would  
5 like the passage shown to the witness.

6 BY MR. CROWE:

7 Q. This is page 44 of your deposition, sir, and  
8 this can be found at SPX 1301.

9 A. Well, if we're assuming three years, we can do  
10 the math. You don't need me to sit here. If you can  
11 figure out how to stall the case for three years and  
12 know Festo's coming down, it could have been delayed  
13 until Festo, and I suppose you could delay it until the  
14 Supreme Court's deciding Festo.

15 Q. That was your testimony, correct, sir?

16 A. That was my testimony.

17 MR. CROWE: Your Honor, may I approach the  
18 witness?

19 JUDGE CHAPPELL: Yes, you may.

20 THE WITNESS: You might have underlined the  
21 last statement, "And then I don't know how -- I just  
22 don't know how to testify," which is the point. I  
23 mean, I don't understand the substance of these  
24 questions, but enjoy.

25 BY MR. CROWE:

1           Q.  Sir, I've handed you what has been marked as  
2   USX 1631.  Do you have that?  If you look at the  
3   bottom --

4           A.  Yes.

5           Q.  -- right-hand corner?

6           A.  16 -- yeah, USX 1631.

7           Q.  Let me see if I can get this thing to work.  
8   And this is the Festo case that you were referring to  
9   in your deposition, correct?

10          A.  Yes.

11          Q.  And what is the date of the decision of the  
12   Festo case as it's indicated on the document that I  
13   just gave you, USX 1631?

14          A.  November 29, 2000.

15          Q.  And sir, that wasn't the end of the Festo case,  
16   correct?  There was a further appeal, right?

17          A.  Yes.

18          MR. CROWE:  Your Honor, may I approach the  
19   witness again?

20          JUDGE CHAPPELL:  Yes, you may.

21          BY MR. CROWE:

22          Q.  All right, do you have USX 1630 in front of  
23   you?

24          A.  Yes.

25          Q.  And these are key cites to the Festo case,

1 correct?

2 A. That's what it looks like.

3 Q. And if you could turn the page, this indicates  
4 that cert was granted to the Federal Circuit by the  
5 U.S. Supreme Court on June 18th, 2001, correct?

6 A. That's what it indicates.

7 Q. And do you know the current status of the Festo  
8 case?

9 A. Yes.

10 Q. And what is that?

11 A. It's awaiting decision.

12 MR. CROWE: No further questions, Your Honor.

13 JUDGE CHAPPELL: Redirect?

14 REDIRECT EXAMINATION

15 BY MS. MICHEL:

16 Q. Professor Adelman, how would the analysis in  
17 the Federal Circuit Festo decision, the en banc  
18 decision, have affected any analysis of the prosecution  
19 history estoppel question in the Upsher-Schering case?

20 A. Well, had Festo come down earlier, it just  
21 would have highlighted the prosecution history estoppel  
22 argument, because Festo said that any time there's an  
23 amendment to a claim that there's no longer any  
24 doctrine of equivalents at all. So, that's the only  
25 impact, but the -- it doesn't change all the hoops that



1 had to be jumped through. It just means that one of  
2 the hoops in my view was 100 percent rather than 99  
3 percent in this case.

4 Q. You stated that the holding of Festo was that  
5 any amendment to a claim, I think narrowing the claim,  
6 would mean that there were no range of equivalents  
7 available to that claim under amendment. Is that what  
8 the --

9 A. That's essentially what the court said. That's  
10 now on appeal to the Supreme Court.

11 Q. So --

12 A. And we'll see.

13 Q. -- if the Federal Circuit had held the  
14 Schering-Upsher decision as it awaited the time until  
15 it issued its decision in Festo, what would you expect  
16 the outcome of any decision about the Schering-Upsher  
17 case to be?

18 A. Well, the outcome would have been the same. I  
19 mean, that Upsher was going to win. It was going to  
20 win anyhow. So, it just meant it was going to win --  
21 I -- and it's hard for me to quantify. I -- it puts  
22 Upsher in a slightly better position, but their hand  
23 was so overwhelming anyhow, I don't think it mattered  
24 much. I mean, when you're going to win, what's the  
25 difference that you get another decision that's a

1 little better for you when you've already got it in the  
2 bag?

3 Q. Would you expect the technical expert reports  
4 and the inventor depositions from the underlying patent  
5 litigation to provide you with any meaningful  
6 information on the legal issue of prosecution history  
7 estoppel?

8 A. No, it's totally irrelevant.

9 Q. Where would you expect to find the most  
10 meaningful information for your evaluation of the issue  
11 of prosecution history estoppel?

12 A. Prosecution history estoppel is based on the  
13 record in the Patent Office, and that's what you're  
14 talking about, and it's what -- and the court said this  
15 many times -- the public is entitled to rely on what  
16 objectively happened in the Patent Office.

17 Q. Is whether or not the examiner's rejection of  
18 the Schering claims in view of the '399 patent correct,  
19 is the question of whether that rejection is correct  
20 relevant at all to the scope of prosecution history  
21 estoppel?

22 A. No. Obviously we had certain selective cites,  
23 but in Patent Law Perspectives clearly explain that  
24 it's often when the rejection is wrong that the -- that  
25 the doctrine matters. I mean, if the rejection is

1 correct, you don't need prosecution history estoppel.  
2 It's -- it's normally the case that prosecution history  
3 estoppel is important when the claim was narrowed when  
4 it did not have to be narrowed, because if it had to be  
5 narrowed because of the prior art, then the prior art  
6 would block an expansion under Wilson Sporting Goods.  
7 So, it's irrelevant. There are cases that talk about  
8 this, but I've tried to make that point many times in  
9 my writings.

10 Q. Is the question of whether or not the change to  
11 40 centipoise was actually required to overcome the  
12 prior art relevant to the question of prosecution  
13 history estoppel?

14 A. Not relevant at all, and that's why I would  
15 make an appraisal, if it was necessary. If it was  
16 necessary, obviously the prior art won't let you  
17 expand. So, it's only if the argument is it really  
18 wasn't necessary.

19 Q. Must the surrender of subject matter be  
20 explicit in the sense of a statement "I surrender" to  
21 create prosecution history estoppel?

22 A. I've never seen it in a case, and if you add up  
23 the cases that the Federal Circuit has decided since  
24 Warner-Jenkinson, they've decided -- before Festo,  
25 almost every case they found prosecution history

1     estoppel, and I don't think there's a one, but I could  
2     be wrong, my memory could be wrong, where somebody  
3     says, "I explicitly disclaim."

4           Q.   And generally, what do you view as the trend in  
5     the Federal Circuit case law on prosecution history  
6     estoppel between the time of the settlement, June '97,  
7     and the Festo decision in 2000?

8           MR. LAVELLE:  I am going to object, Your Honor,  
9     as outside the scope of his report and of his cross.

10          MS. MICHEL:  Your Honor, this is within the  
11     scope of Upsher's cross.  They were making -- they were  
12     asking a significant number of questions on timing,  
13     affecting the timing of the eventual decision, and I  
14     think this questions goes to the --

15          JUDGE CHAPPELL:  I agree.  That door wasn't  
16     merely opened; it was kicked down.  Overruled.  Go  
17     ahead.

18          THE WITNESS:  When I was deposed, I tried to  
19     limit myself to what the state of the law was at that  
20     time.  Since that time, and I've even got it in Patent  
21     Law Perspectives, prosecution history estoppel was  
22     found in practically every case, including cases where  
23     I disagreed that it wasn't -- it wasn't there, the  
24     court was just reaching, and you were going to lose.  
25     So, if you take subsequent history, then it's

1       overwhelming.

2               And then the court goes to Festo, and we've  
3       talked about that, but if you want to -- if you want to  
4       take the trend in the law, there were a couple cases  
5       that I wrote about, I thought they were a real stretch  
6       on prosecution history estoppel.

7               MS. MICHEL: Nothing further.

8               JUDGE CHAPPELL: Anything further?

9               MR. LAVELLE: No, Your Honor.

10              MR. CROWE: Not on behalf of Upsher-Smith, Your  
11       Honor.

12              JUDGE CHAPPELL: Thank you. You're excused,  
13       sir.

14              Okay, at this time, I will hear the proffer of  
15       exhibits.

16              MS. SHORES: Thank you, Your Honor.

17              JUDGE CHAPPELL: For scheduling purposes, there  
18       are no more witnesses today?

19              MS. BOKAT: That is correct, Your Honor.

20              JUDGE CHAPPELL: Is anyone available tomorrow?

21              MS. BOKAT: Yes, we expect to call James Egan  
22       when the Court convenes tomorrow morning.

23              JUDGE CHAPPELL: Okay.

24              What have you got, Ms. Shores?

25              MS. SHORES: First of all, I have a joint

1 exhibit and stipulation as to some documents, that is  
2 Joint Exhibit Number 5, and I'll be offering that, Your  
3 Honor.

4 JUDGE CHAPPELL: Yes, you may.

5 Ms. Bokat, do you concur with Joint Exhibit 5  
6 and you've signed this?

7 MS. BOKAT: I've signed it. Mr. Meier was  
8 going to address this issue on behalf of complaint  
9 counsel, Your Honor.

10 JUDGE CHAPPELL: Okay. At this time, I'm  
11 merely determining whether to admit a joint exhibit.

12 MS. BOKAT: And my shorter answer to your  
13 question is, yes, that is my signature.

14 JUDGE CHAPPELL: Okay, so there is no objection  
15 to JX-5?

16 MS. BOKAT: There is none from complaint  
17 counsel.

18 JUDGE CHAPPELL: And from Upsher?

19 MR. CURRAN: No objection. That is my  
20 signature, Your Honor.

21 JUDGE CHAPPELL: Thank you. JX-5 is admitted.

22 (Joint Exhibit Number 5 was admitted into  
23 evidence.)

24 MS. SHORES: Thank you, Your Honor.

25 There remain a total of 35 exhibits that the

1 parties have not been able to come to an agreement on.  
2 They are all patent documents from the underlying  
3 patent cases. We have heard a lot of testimony about  
4 them. ALL the witnesses have referred to them.

5 JUDGE CHAPPELL: So, we have one category.

6 MS. SHORES: One category. There may be  
7 subcategories within the category, but they are all  
8 essentially pleadings and documents that were submitted  
9 by the parties in the underlying patent cases.

10 As the Court is well aware, the parties have a  
11 difference of opinion as to the relevance of these  
12 documents, and the Court has indicated that it's going  
13 to defer a decision as to whether they are relevant or  
14 not until after the parties have briefed this issue  
15 post-trial.

16 To that end, we had made an offer to complaint  
17 counsel that we would stipulate that they were allowed  
18 to reserve their objections on relevance grounds  
19 forever more, and they rejected that. So, that's why  
20 we're here.

21 JUDGE CHAPPELL: That's the objection,  
22 relevance, Mr. Meier?

23 MR. MEIER: We have objections to a number of  
24 things. Relevance, unreliability, and they're  
25 needlessly cumulative also, Your Honor, and I'd like

1 to -- if you want to hear the full-blown argument, I'd  
2 like to lay it out for you.

3 JUDGE CHAPPELL: Any -- do you have anything  
4 further?

5 MS. SHORES: I was going to anticipate their  
6 reliability objection, which I had always understood  
7 that had been reported to me that it was a hearsay  
8 objection. Is that correct?

9 MR. MEIER: Yes.

10 MS. SHORES: Your Honor, let me just make clear  
11 what our purpose is in offering this evidence. We  
12 believe that, again, it's our position that it's --  
13 that the patent evidence is relevant. In the event  
14 that the Court or somebody else someday determines that  
15 it is, we think it should be in the record. We are  
16 offering it for what we think is a nonhearsay purpose,  
17 Your Honor, and that is what the parties' positions  
18 were in the underlying patent cases and the principal  
19 evidence that they relied on to support it.

20 Again, these are -- these consist of  
21 substantive motions, interrogatories and answers to  
22 interrogatories and the Markman hearing that the Court  
23 has heard some testimony about. This is what the  
24 evidence says. We're offering it for the purpose of  
25 showing what the parties' positions were.



1 JUDGE CHAPPELL: These are all from a file of  
2 the District Court?

3 MS. SHORES: That's correct, Your Honor.

4 JUDGE CHAPPELL: Do you have a certification  
5 demonstrating that?

6 MS. SHORES: No.

7 JUDGE CHAPPELL: Okay. Do they have file  
8 stampings?

9 MS. SHORES: I can try to get one. I don't  
10 know --

11 JUDGE CHAPPELL: Are they file stamped showing  
12 they were filed at a District Court or are they taken  
13 from your files?

14 MS. SHORES: Both, Your Honor. I think we have  
15 file-stamped versions of all of the pleadings.

16 JUDGE CHAPPELL: Okay, go ahead.

17 Is that all, Ms. Shores?

18 MS. SHORES: That's all. I'd love the chance  
19 to respond to whatever Mr. Meier has to say, but  
20 that's --

21 JUDGE CHAPPELL: Is there a convenient list of  
22 all these exhibits on one page?

23 MS. SHORES: No. I'm happy to read the numbers  
24 into the record. I apologize for not having it typed  
25 out, Your Honor.

1 JUDGE CHAPPELL: Well, what I plan to do is  
2 hear the arguments and again -- I don't think any of us  
3 want to deal with this on an empty stomach, so we will  
4 take lunch, and then we will come back and I'll rule.  
5 That's my plan.

6 MS. SHORES: Fine, and by that time we can have  
7 a motion prepared, Your Honor, with the exhibit numbers  
8 on it if that would be helpful.

9 JUDGE CHAPPELL: Okay. I may have questions  
10 about more detail about these exhibits after I hear Mr.  
11 Meier.

12 Go ahead, Mr. Meier.

13 MS. SHORES: Certainly.

14 MR. MEIER: Thank you, Your Honor.

15 Just so we can make the record clear, our bases  
16 for this is Rule 3.43(b). I am not going to rehash the  
17 relevance arguments, because those are well before the  
18 Court already, and we also, as Ms. Shores pointed out,  
19 we also believe they are unreliable hearsay.

20 JUDGE CHAPPELL: Let me just stop you there,  
21 Mr. Meier.

22 MR. MEIER: Yes, Your Honor.

23 JUDGE CHAPPELL: It's your understanding --  
24 have you seen all these exhibits?

25 MR. MEIER: Yes, Your Honor. It's somewhere

1     between two and three banker's boxes worth of  
2     documents, of pleadings, depositions, expert reports,  
3     expert depositions, technical journal articles from the  
4     underlying patent litigation.

5             JUDGE CHAPPELL:  Are you going to dispute  
6     whether or not they are accurate copies contained in  
7     the court's file?

8             MR. MEIER:  No, Your Honor.

9             JUDGE CHAPPELL:  Okay.  All right, go ahead.

10            MR. MEIER:  As Ms. Shores pointed out just a  
11     moment ago, that they're offering these for the purpose  
12     of setting forth the contentions of the parties in the  
13     underlying patent litigation, and perhaps the main  
14     objection we have that I would like to raise today is  
15     this is unneedlessly cumulative evidence.  We already  
16     know what the positions of the parties were in the  
17     patent litigation.

18            Already in this case, there's the complaint  
19     that was issued in these cases, the answers by the  
20     parties in these cases.  There were three patent  
21     experts testifying on behalf of Schering and Upsher in  
22     this case.

23            JUDGE CHAPPELL:  Is that all, there were just  
24     three?

25            MR. MEIER:  I'm sorry, Your Honor?

1 JUDGE CHAPPELL: Just three, is that --

2 MR. MEIER: I believe it was just three,  
3 although they appeared a couple times because of the  
4 way they divided up the case. You heard from them I  
5 think five or six times, but there were only three that  
6 actually showed up. That would be Dr. Langer, Dr.  
7 Banker and Mr. Miller.

8 JUDGE CHAPPELL: Okay.

9 MR. MEIER: In these materials, in these  
10 materials that they want to bring in, again, it's about  
11 two to three banker's boxes worth of material, there  
12 are, for example, four expert reports and declarations  
13 from Dr. Banker, who testified here. So, we already  
14 know what his position is. I don't think we need four  
15 boxes -- four of his expert reports and four  
16 declarations, plus multiple deposition transcripts of  
17 Dr. Banker.

18 There were three expert reports of Dr. Langer,  
19 who, again, has already testified here. So, if the  
20 point of these documents is to tell us what the  
21 positions of the parties are, we already know what the  
22 positions of the parties are, and I would submit that  
23 this is unneedlessly cumulative evidence under 3.43(b)  
24 and would properly be excluded.

25 JUDGE CHAPPELL: So, how many of these exhibits

1 are reports of experts who have testified here?

2 MR. MEIER: It's -- I again would have to go  
3 through the same list that Ms. Shores has, but I  
4 believe my count was -- and I can't represent that this  
5 is absolutely correct, but I believe eight of them were  
6 expert reports.

7 JUDGE CHAPPELL: Okay. Are there any expert  
8 reports being offered other than experts who have  
9 testified here?

10 MR. MEIER: Yes, two of the expert reports are  
11 of Mr. Bjorge, he was listed as a witness for Schering  
12 but not called, plus, again, multiple deposition  
13 transcripts from depositions of Mr. Bjorge. That's B J  
14 O R G E.

15 Again, also there are numerous technical  
16 articles, and these materials, Your Honor, are the kind  
17 that wouldn't even be admitted if they had been brought  
18 into this case. We're not -- there are no technical  
19 journal articles being admitted as substantive evidence  
20 in this case, yet, for example, one of them, SPX 723 is  
21 somebody's Ph.D. dissertation from the University of  
22 Otago in Dunedin, New Zealand on "Solvent Polymer Phase  
23 Relationship -- Relationships Relevant to  
24 Microencapsulation Procedures."

25 JUDGE CHAPPELL: I think that's on the South

1 Island of New Zealand.

2 MR. MEIER: I have never been there.

3 JUDGE CHAPPELL: Are you telling me that that  
4 was filed in the District Court?

5 MR. MEIER: Yes, this is part -- this is one of  
6 the exhibits on the list, SPX 732, and was used in the  
7 underlying patent case in some manner, and I don't see  
8 how knowing about the solvent polymer phase  
9 relationships relevant to microencapsulation procedures  
10 tells us anything about the positions of the parties in  
11 that patent litigation. We've already heard about what  
12 the positions of the parties are.

13 That's essentially our major point, Your Honor.  
14 Thank you.

15 JUDGE CHAPPELL: Ms. Shores?

16 MS. SHORES: Let me just clarify a couple of  
17 things.

18 First of all, I believe there are three expert  
19 reports from the underlying case --

20 JUDGE CHAPPELL: Why don't we do this, because  
21 I'm having to try to visualize what we're talking  
22 about. Why don't you give me a rudimentary listing of  
23 exhibit numbers and what they are.

24 MS. SHORES: Certainly, I will. Again, there  
25 are 35 exhibits in total. Exhibit Numbers SPX 681 and

1 682 are responses and answers to interrogatories.

2 JUDGE CHAPPELL: Responses by?

3 MS. SHORES: Responses by Key in the underlying  
4 case or Schering to interrogatories.

5 There are -- Exhibits 683 through 687 are  
6 memoranda and exhibits thereto filed in connection with  
7 various substantive motions.

8 JUDGE CHAPPELL: So, memoranda supporting  
9 motions or --

10 MS. SHORES: Motions for summary judgment.

11 JUDGE CHAPPELL: Okay.

12 MS. SHORES: Motions for partial summary  
13 judgment.

14 JUDGE CHAPPELL: Are the motions they supported  
15 included?

16 MS. SHORES: Yes.

17 JUDGE CHAPPELL: Okay.

18 MS. SHORES: And each of those contain a number  
19 of exhibits thereto, including the one that Mr. Markus  
20 just referred to -- I'm sorry, Mr. Meier just referred  
21 to.

22 Now, part of the issue -- so, those are quite  
23 large exhibits, and they contain a number of, you know,  
24 sub-exhibits to themselves.

25 Some of the exhibits to the motions were

1 referred to in testimony as different exhibits, and  
2 this is partly something we might have been able to  
3 avoid, but what we did was we took certain exhibits to  
4 a summary judgment motion, made them separate exhibits  
5 just for purposes of size, and all of the witnesses  
6 have testified about them.

7 I might say that they've been used in cross  
8 examination by complaint counsel of our experts. So,  
9 there are references in the record right now to SPX  
10 723, this article that Mr. Meier just referred to, and  
11 I submit that it needs to be in the record so that if  
12 somebody someday decides they want to look at it, that  
13 they can have that opportunity.

14 JUDGE CHAPPELL: So, then, are you -- well,  
15 maybe we can get this over with quickly. Are you  
16 offering these for identification? Because what you  
17 just said led me to believe you're talking about  
18 someone being able to refer to it for identification,  
19 which is a whole different road to go down rather than  
20 offering them as substantive evidence.

21 MS. SHORES: I can say this, Your Honor: I  
22 believe, again, it's our position that the patent  
23 evidence is relevant. I understand that the Court is  
24 going to make that determination later on, and so I  
25 don't believe that I'm prepared to say they're offered



1 for identification.

2 I can say that they are offered for a  
3 nonhearsay purpose, and that is solely to set forth  
4 what the parties' positions were and what the evidence  
5 they were relying on that they contended supported it.

6 JUDGE CHAPPELL: Well, I think Mr. Meier  
7 concurs that you're not offering it for the truth,  
8 because he's not objecting under hearsay. Are you?

9 MR. MEIER: I'm sorry, Your Honor, I had stated  
10 that we had a relevance and a reliability issue.

11 JUDGE CHAPPELL: But do you need to go there  
12 with reliability if she makes this statement?

13 MR. MEIER: Well, we don't need to go to  
14 reliability if they're just marked for identification,  
15 but she keeps saying that they're not just being marked  
16 for identification, that they're being offered for  
17 proving what the position of the parties were. I'm not  
18 sure what that really means. I'm not sure what the  
19 parameters of that are.

20 JUDGE CHAPPELL: Well, she's the one offering  
21 it. Let me make that -- let me clarify that.

22 These 35 exhibits are not being offered for the  
23 truth?

24 MS. SHORES: That's correct, Your Honor.

25 JUDGE CHAPPELL: Okay, so we are beyond

1 reliability.

2 MR. MEIER: Fine, Your Honor, if that's --

3 JUDGE CHAPPELL: We're at relevance now.

4 MR. MEIER: That's fine, and also if they're  
5 really being offered just to show what the position of  
6 the parties are. There is a question of whether we  
7 need to know anything more about the positions of the  
8 parties when we have heard from three experts and we  
9 have plenty of other documents that have already been  
10 admitted that show, in fact, exactly what the positions  
11 of the parties are, because we have the complaint and  
12 we have the answers.

13 JUDGE CHAPPELL: We'll get there.

14 MR. MEIER: Okay, thank you, Your Honor.

15 MS. SHORES: All right, I am going to continue  
16 down my list.

17 JUDGE CHAPPELL: All right, I had through 87,  
18 687.

19 MS. SHORES: Right. The next categories are  
20 the expert reports of various experts, including the  
21 experts from Schering's opponent in the underlying  
22 patent cases. Those are Exhibit Numbers 688 to 696. I  
23 believe all of those or virtually all of those expert  
24 reports were used in examination of the experts in this  
25 case, Your Honor, and so they are referred to in the

1 record by exhibit number. If anybody wants to look at  
2 the exhibit that's being referred to, the only way  
3 they're going to be able to do that is if they're in  
4 the record.

5 JUDGE CHAPPELL: And in that -- this record of  
6 this court where these are coming from, you didn't get  
7 far enough for them to be determined to be admitted  
8 into evidence or not, or did you?

9 MS. SHORES: I'm sorry, in the underlying  
10 cases?

11 JUDGE CHAPPELL: Right, you didn't get that  
12 far.

13 MS. SHORES: No, that's correct, Your Honor.

14 JUDGE CHAPPELL: So, they're part of the file,  
15 but we don't know whether they were admitted -- would  
16 have been admitted into evidence.

17 MS. SHORES: Absolutely.

18 JUDGE CHAPPELL: Okay. And 688 through 696,  
19 how many of these are experts that -- who didn't  
20 testify here?

21 MS. SHORES: Who did not?

22 JUDGE CHAPPELL: Right.

23 MS. SHORES: Six, Your Honor. And again, I  
24 just might add, as I think complaint counsel would  
25 agree, part of our reason for including the expert

1 reports of Schering's opponents -- and you might, you  
2 know, recognize that that's not exactly in our  
3 interests if we're trying to prove that we would have  
4 won the cases, but we think that they should be in the  
5 record so that whoever wants to look at this can look  
6 at all of the evidence for both sides.

7 If anybody decides to weigh the evidence in the  
8 patent case, I believe it would be appropriate to  
9 include the evidence that was relied upon by Schering's  
10 opponents in the underlying cases, and so that's the  
11 reason that we're offering the expert reports of  
12 Schering's opponents.

13 JUDGE CHAPPELL: So, these six who didn't  
14 testify were your opponents?

15 MS. SHORES: There is one, Dr. Bjorge or Mr.  
16 Bjorge, that we've heard about actually today, that was  
17 a Schering expert that we did not call in this case.

18 JUDGE CHAPPELL: Okay. And I'm not -- I  
19 haven't counted this up, but we're not up to 35 yet,  
20 are we? Do you have some more?

21 MS. SHORES: We're getting there.

22 JUDGE CHAPPELL: Okay.

23 MS. SHORES: Now, the remaining exhibits, with  
24 the exception of -- let's see, I believe --

25 JUDGE CHAPPELL: I had 696 was the last --

1 MS. SHORES: Right. These are not going to go  
2 in numerical order. These are all, as I referred to  
3 earlier, individual attachments, I'll call them, to the  
4 exhibits already discussed. So, for example, 683 is  
5 Schering's summary judgment motion in the Upsher case.  
6 The following exhibits are attachments to motions, if  
7 you're with me.

8 JUDGE CHAPPELL: Okay, and what are their  
9 exhibit numbers?

10 MS. SHORES: They are as follows: SPX 191, SPX  
11 710, SPX 713, SPX 714, SPX 718, SPX 719, SPX 721, SPX  
12 723, SPX 725, SPX 733, SPX 734, SPX 736, SPX 737, SPX  
13 752, SPX 754, SPX 756, SPX 768, SPX 774 and SPX 1148.

14 JUDGE CHAPPELL: And these exhibit numbers  
15 you've just given me, they are all what were  
16 attachments to 683 through 687?

17 MS. SHORES: That's correct, Your Honor.

18 JUDGE CHAPPELL: Okay, anything else?

19 MS. SHORES: There are finally -- well, we  
20 already agreed to the -- that's it.

21 JUDGE CHAPPELL: Okay, Mr. Meier, since I have  
22 had her enumerate these, do you want to respond?

23 MR. MEIER: Yeah, just a couple things, Your  
24 Honor.

25 Just so we're clear, and I think this -- I

1 think this may be clear, but just to be perfectly  
2 clear, not all of these exhibits were actually  
3 admitted, as Your Honor pointed out, in the questioning  
4 at the trial. Expert reports didn't necessarily come  
5 in at all. There was no trial, so we don't know what  
6 would have happened with these expert reports.

7 Of course, these documents don't reflect all  
8 the evidence that was put in at the trial. They are  
9 really only selective, and we don't know what the court  
10 would have admitted. So, you know, we -- again, just  
11 to summarize, under 3.43(b), we believe they're  
12 irrelevant, the probative value is substantially  
13 outweighed by confusion issues and needless  
14 presentation. I still am not clear --

15 JUDGE CHAPPELL: You know, that confusion of  
16 issues in that rule, you know, that's basically just a  
17 holdover from the jury trial. Whoever -- whoever  
18 drafted that rule in the FTC rule book, that's all  
19 about a jury generally.

20 MR. MEIER: Well, that very well may be the  
21 history of that, Your Honor.

22 JUDGE CHAPPELL: Anything else? I didn't mean  
23 to derail your train.

24 MR. MEIER: Yeah, let me have a moment, Your  
25 Honor. Thank you.

1 I think that's it for now, Your Honor. Thank  
2 you.

3 JUDGE CHAPPELL: Okay.

4 MS. SHORES: May I just add one thing, Your  
5 Honor?

6 JUDGE CHAPPELL: One thing.

7 MS. SHORES: Just one.

8 JUDGE CHAPPELL: All right.

9 MS. SHORES: Seven of the exhibits that I read  
10 contain information that Upsher-Smith considers to be  
11 confidential. I'm happy to give the Court those  
12 numbers. I believe that they are preparing a motion to  
13 file, but I didn't want the Court to admit them without  
14 being aware of their position on these.

15 JUDGE CHAPPELL: Okay, and so these are all --  
16 these are not all subject to the -- the seal that I've  
17 seen on some of these pleadings?

18 MS. SHORES: They are not all. There is only  
19 seven of them that contain confidential information.

20 JUDGE CHAPPELL: Okay.

21 MS. SHORES: And they are, as I understand  
22 it -- and correct me if I'm wrong -- SPX 683 --

23 JUDGE CHAPPELL: I don't need those right now.

24 MS. SHORES: Okay.

25 JUDGE CHAPPELL: I can deal with that later.

1 MS. SHORES: Thank you.

2 JUDGE CHAPPELL: Anything else?

3 MS. SHORES: Nothing from Schering, Your Honor.

4 MR. CURRAN: Your Honor, Mr. Carney has some  
5 document issues as well, but that can wait until after  
6 the dinner break.

7 JUDGE CHAPPELL: How many document issues?

8 MR. CARNEY: Your Honor, there's a stipulation  
9 and then I believe four documents, and that's it.

10 JUDGE CHAPPELL: Let's go ahead.

11 MR. CURRAN: Thank you, Your Honor.

12 MR. CARNEY: Thank you, Your Honor.

13 JUDGE CHAPPELL: Is the Government prepared to  
14 respond to these offers?

15 MR. MEIER: Actually, Your Honor, I have no  
16 idea what he's talking about. We have had no  
17 conversations.

18 MR. CARNEY: Yes, this relates to my letter of  
19 March 11th --

20 JUDGE CHAPPELL: Why don't you just have a  
21 little conference off the record here before we  
22 proceed.

23 (Counsel conferring.)

24 MR. CARNEY: Your Honor, at this time we have  
25 agreed to talk a little further about some of the



1 exhibits, but I do have a stipulation to present to the  
2 court regarding other exhibits.

3 JUDGE CHAPPELL: So, you are going to parlay  
4 and you may agree to some of these. Is that right?

5 MR. CARNEY: We have already agreed as to the  
6 issues on this stipulation. There are a handful of  
7 other documents which we will talk about further over  
8 lunch perhaps and come back on after the lunch break.

9 JUDGE CHAPPELL: Okay, and you have a joint  
10 exhibit you want to offer?

11 MR. CARNEY: Yes, Your Honor.

12 JUDGE CHAPPELL: All right. Thank you.

13 MR. CARNEY: Your Honor, what I've handed up is  
14 Joint Exhibit 6. We would move it into evidence.

15 JUDGE CHAPPELL: Ms. Bokat or Mr. Meier, do you  
16 agree to Joint Exhibit 6?

17 MS. BOKAT: Yes, Your Honor.

18 JUDGE CHAPPELL: Okay. Ms. Shores?

19 MS. SHORES: And we are as well, Your Honor.

20 JUDGE CHAPPELL: Okay, Joint Exhibit 6 is  
21 admitted.

22 (Joint Exhibit Number 6 was admitted into  
23 evidence.)

24 JUDGE CHAPPELL: Anything else?

25 MR. CARNEY: Not for now, Your Honor.

1 JUDGE CHAPPELL: We are in recess until 3:30.

2 (Whereupon, at 2:25 p.m., a lunch recess was

3 taken.)

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Waldorf, Maryland  
(301) 870-8025

1 AFTERNOON SESSION

2 (3:30 p.m.)

3 JUDGE CHAPPELL: Okay, let's reconvene docket  
4 9297.

5 Regarding the 35 exhibits being offered by  
6 Schering-Plough, to be consistent with my prior rulings  
7 in this case, I'm going to allow these documents, these  
8 exhibits, to be admitted into evidence conditionally  
9 based upon my determination whether that trial, that  
10 whole affair, is relevant to my decision in this case.

11 Ms. Shores, I would like for you to clearly  
12 state for the record the exhibit numbers, unless you  
13 have it written down and you can give it to us. How do  
14 you want to do that?

15 MS. SHORES: Actually, my associate is bringing  
16 a motion. There was an error in the one he brought. I  
17 am happy to read them. I can do both.

18 JUDGE CHAPPELL: Let's read them.

19 Before you start that, the following exhibits  
20 have been admitted as I've just described. Go ahead.

21 MS. SHORES: SPX 681, SPX 682, SPX 683, SPX  
22 684, SPX 685, SPX 686, SPX 687, SPX 688, SPX 689, SPX  
23 690, SPX 691, SPX 692, SPX 693, SPX 694, SPX 695, SPX  
24 696, SPX 191, SPX 710, SPX 713, SPX 714, SPX 718, SPX  
25 719, SPX 721, SPX 723, SPX 725, SPX 733, SPX 734, SPX

1 736, SPX 737, SPX 752, SPX 754, SPX 756, SPX 768, SPX  
2 774, and SPX 1148.

3 (SPX Exhibit Numbers SPX 681, SPX 682, SPX 683,  
4 SPX 684, SPX 685, SPX 686, SPX 687, SPX 688, SPX 689,  
5 SPX 690, SPX 691, SPX 692, SPX 693, SPX 694, SPX 695,  
6 SPX 696, SPX 191, SPX 710, SPX 713, SPX 714, SPX 718,  
7 SPX 719, SPX 721, SPX 723, SPX 725, SPX 733, SPX 734,  
8 SPX 736, SPX 737, SPX 752, SPX 754, SPX 756, SPX 768,  
9 SPX 774, and SPX 1148 were admitted into evidence.)

10 JUDGE CHAPPELL: Thank you.

11 Any questions?

12 MR. MEIER: Yes, Your Honor, and subject to  
13 Your Honor's ruling, I would ask for leave that we  
14 be -- complaint counsel be allowed to submit some  
15 patent-related documents for admission either for  
16 purposes of completeness or for purposes of rebuttal  
17 against what they've just been allowed to admit in  
18 order to make the record complete. I don't know  
19 standing here right now that we have any such  
20 documents, but I would like to be able to go through  
21 these and look for the possibility that some of these  
22 may need other supplementary patent documents.

23 There are about 80 boxes of documents, and we'd  
24 like to go through those and see whether there is  
25 anything that properly and appropriately should also be

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1 before the trier of fact in order to make it complete  
2 or in the interest of rebuttal.

3 JUDGE CHAPPELL: Okay, you do that, Mr. Meier,  
4 and then let me know.

5 MR. MEIER: Yes, Your Honor, thank you.

6 JUDGE CHAPPELL: Anything else on those  
7 exhibits? Mr. Curran?

8 MR. CURRAN: Your Honor, I think we indicated  
9 earlier we will be filing a motion to seek in camera  
10 treatment with respect to certain of those documents.  
11 I don't think it's necessary for us to move at this  
12 time for provisional treatment given that I don't think  
13 it's likely any of those documents will be used in  
14 court between now and probably tomorrow when we will  
15 file our motion.

16 JUDGE CHAPPELL: Correct, if someone is going  
17 to refer to any part of those exhibits that would be  
18 considered in camera, you are going to request in  
19 camera treatment, then I can at that time provisionally  
20 grant in camera status. Although they've been offered  
21 into evidence, there's no danger in them being put on  
22 the public record at this time. So, we'll go with that  
23 route.

24 MR. CURRAN: Very good. Thank you, Your Honor.

25 JUDGE CHAPPELL: Okay, I have before me pending

1 the remainder of the partial ruling I made on  
2 Upsher-Smith's motion to exclude improper rebuttal  
3 witnesses, and I'm prepared to rule at this time.

4 First, as to expert Dr. -- is it Levy?

5 MS. BOKAT: Yes, Your Honor, Dr. Levy.

6 JUDGE CHAPPELL: Dr. Levy will be allowed to  
7 testify merely in rebuttal to areas that were  
8 encompassed in his expert report. He will not be  
9 allowed to testify regarding FDA approvability of  
10 Niacor. Upon any objection from respondents, the  
11 Government must be prepared to offer record cites to  
12 the testimony that is being rebutted.

13 MS. SHORES: Your Honor, may I ask a question  
14 about that ruling?

15 JUDGE CHAPPELL: Yes.

16 MS. SHORES: Do you mean his original report or  
17 his rebuttal report?

18 JUDGE CHAPPELL: Dr. Levy?

19 MS. SHORES: Yes, Your Honor.

20 JUDGE CHAPPELL: I thought the supplemental  
21 report was -- that issue was Bazerman.

22 MS. SHORES: There was a separate issue with  
23 respect to Mr. Bazerman's supplemental report. Dr.  
24 Levy had a rebuttal expert report that was limited to  
25 commenting upon an Upsher witness that didn't

1       testify --

2               JUDGE CHAPPELL:  No, the -- anything about  
3       Bratic's not coming in -- you're talking about the  
4       rebuttal to Bratic -- since Bratic didn't testify.

5               MS. SHORES:  Thank you, Your Honor.

6               JUDGE CHAPPELL:  Any other questions?  I'm not  
7       sure if I was clear.  I was reading and speaking at the  
8       same time there.  Is that clear?

9               MR. ORLANS:  That's clear, Your Honor, thank  
10      you.

11              JUDGE CHAPPELL:  Next, regarding Dr. Max  
12      Bazerman, I have pending a previously filed motion to  
13      strike the supplemental expert report of Bazerman.  I  
14      find the Government has not demonstrated good cause to  
15      allow the consideration of the supplemental report.  
16      Therefore, it will not be considered.  So, that motion  
17      to strike is granted.

18              Regarding rebuttal testimony of Dr. Bazerman,  
19      as was the case with Dr. Levy, Dr. Bazerman will be  
20      allowed to testify in rebuttal on issues that were  
21      covered in his expert report, and upon objection, the  
22      Government must be prepared to indicate record cites to  
23      where the testimony being rebutted was included in the  
24      record.

25              Any questions?

1           MR. ORLANS: Your Honor, if I may be heard for  
2 just a moment, with respect to the supplemental report,  
3 I must say I'm at somewhat of a loss as to what the  
4 Government could possibly have done here. The fact of  
5 the matter is that we learned through the course of  
6 discovery that risk aversion was going to be an issue  
7 that respondents were going to bring up in their case  
8 in defense. This witness in the course of his  
9 deposition raised the issue of risk aversion. We had  
10 not discussed it with him previously. It came up  
11 during the course of the deposition.

12           We went back and we thought about it, and in an  
13 effort to let respondents know immediately, within two  
14 weeks, told them through the supplemental report that  
15 we were prepared to offer this witness in this  
16 additional area in response to material they were to be  
17 offering. This was done two weeks before the trial  
18 commenced.

19           We -- the only other option available to us,  
20 Judge, would have been to ask the Court immediately for  
21 leave to modify the report. Frankly, it was more  
22 important that we tell respondents as soon as possible.  
23 The understanding is you try to work these things out  
24 among the parties first. If there was disagreement  
25 among the parties, we would then have brought it to



1 court.

2 We didn't see the need to move before Your  
3 Honor, because respondents immediately moved to strike,  
4 but again, I'm hard-pressed to understand how there  
5 could possibly be prejudice in a situation where we  
6 were first apprised of this and immediately, upon being  
7 apprised, advised the other side and did so as quickly  
8 as we possibly could and did so two months before we  
9 brought this -- before we -- before we're standing here  
10 today.

11 JUDGE CHAPPELL: When did you first learn that  
12 risk aversion was an issue in the case?

13 MR. ORLANS: It was during the course of  
14 discovery, Judge, but --

15 JUDGE CHAPPELL: And this expert report was  
16 dated January 14th, 2002. Is that right?

17 MR. ORLANS: The rebuttal -- the additional or  
18 supplemental report, that's right, Judge, but we didn't  
19 know that this witness had any knowledge in the area  
20 until his deposition.

21 JUDGE CHAPPELL: But you knew risk aversion was  
22 an issue, didn't you?

23 MR. ORLANS: We knew risk aversion was an  
24 issue.

25 JUDGE CHAPPELL: Thank you. You have my

1 ruling.

2 MR. ORLANS: Your Honor --

3 JUDGE CHAPPELL: You may make an offer of proof  
4 if you like.

5 MR. ORLANS: Yes, I was going to say -- I was  
6 going to ask, if we could, Judge, given that the  
7 witness is going to be here testifying, rather than  
8 making that proffer in writing, ask it in question and  
9 answer form while the witness is on the stand.

10 JUDGE CHAPPELL: That's fine. It will be in  
11 the record for purposes of identification only.

12 MR. ORLANS: That's fine.

13 JUDGE CHAPPELL: Any other questions?

14 MR. CURRAN: No questions about that ruling,  
15 Your Honor.

16 JUDGE CHAPPELL: Any other questions from  
17 complaint counsel on Bazerman?

18 MS. BOKAT: No, Your Honor.

19 JUDGE CHAPPELL: Okay. What else?

20 MR. CARNEY: Just those exhibits, Your Honor,  
21 that we mentioned beforehand. I think we've reached an  
22 agreement as to four exhibits that we would move into  
23 evidence at this time on behalf of Upsher-Smith.

24 JUDGE CHAPPELL: All right.

25 MR. CARNEY: The exhibits are USX 1620, 1621,

1 1622 and SPX 471.

2 JUDGE CHAPPELL: Any objection?

3 MR. MEIER: No, Your Honor.

4 MR. NIELDS: No, Your Honor.

5 JUDGE CHAPPELL: Okay, USX 1620, 1621, 1622,  
6 and SPX 471 are admitted.

7 (USX Exhibit Numbers 1620, 1621 and 1622 were  
8 admitted into evidence.)

9 (SPX Exhibit Number 471 was admitted into  
10 evidence.)

11 JUDGE CHAPPELL: We have one witness tomorrow?

12 MS. BOKAT: Yes, we do, Your Honor.

13 JUDGE CHAPPELL: And what's your anticipated  
14 length of direct exam?

15 MS. BOKAT: I would guess two, two and a half  
16 hours on direct.

17 JUDGE CHAPPELL: Anticipated cross?

18 MR. CURRAN: We might have to re-assess after  
19 that. His deposition lasted about two and a half  
20 hours. I would expect on behalf of Upsher-Smith 20 to  
21 30 minutes tops, Your Honor.

22 MS. SHORES: Same for Schering based on what I  
23 know so far, subject to re-assessment after hearing  
24 what he could possibly testify about for two and a half  
25 hours.

1 JUDGE CHAPPELL: Okay, and when are Levy and  
2 Bazerman available, Monday?

3 MS. BOKAT: Professor Bresnahan is scheduled to  
4 testify Monday, Your Honor. Dr. Levy, Wednesday,  
5 Professor Bazerman -- wait a minute, pardon me, Your  
6 Honor, I misspoke.

7 Professor Bresnahan on Monday, Dr. Levy  
8 Thursday, Professor Bresnahan Friday, and then we  
9 have a fact witness that Your Honor ruled we may put  
10 on. His name is Daniel Bell, and he is from Kos. The  
11 thought was to put him on after Professor Bresnahan and  
12 before Dr. Levy. We are assessing whether, in light of  
13 the fact that Mr. Patel testified yesterday, it will be  
14 necessary to call Daniel Bell at all, and we should  
15 have a decision on that by tomorrow.

16 JUDGE CHAPPELL: You need to see if you can get  
17 Bazerman here before next Friday.

18 MS. BOKAT: We have been asking about that,  
19 Your Honor, and he has a prior commitment in Toronto,  
20 Canada for Tuesday, Wednesday, Thursday of next week.  
21 We also explored whether Dr. Levy could come earlier  
22 than Thursday, but he has corporate board meetings  
23 Tuesday and Wednesday of next week.

24 JUDGE CHAPPELL: Okay. What about post-trial  
25 briefing?

1 MS. BOKAT: Oh, we have -- if I may, Your  
2 Honor?

3 JUDGE CHAPPELL: Yes.

4 MS. BOKAT: The three parties have discussed  
5 that, and we have a joint proposal for the Court on  
6 that.

7 JUDGE CHAPPELL: And what triggers it, the last  
8 day of testimony or a date specific?

9 MS. BOKAT: We were working back, Your Honor,  
10 assuming that the Court had the additional 60 days --

11 JUDGE CHAPPELL: Okay, let's do it the other  
12 way. Work off of the close of the record rather than  
13 the end of the 60-day period.

14 MS. BOKAT: Okay, we were figuring -- I'm  
15 trying to do 31 days of March in my head -- about three  
16 and a half weeks after the close of the record for the  
17 initial round of proposed findings, proposed  
18 conclusions of law and post-trial brief, then 11 days  
19 after that, the reply findings, and oral argument --  
20 closing argument two days after that.

21 JUDGE CHAPPELL: I had planned to take closing  
22 argument before the briefs at the close of evidence.

23 MS. BOKAT: Right, and we discussed that. We  
24 thought it might be useful to sort of do the closing  
25 argument like a summation, after we've pulled our

1 thoughts together on all the facts and the law and have  
2 that for the Court.

3 JUDGE CHAPPELL: Are you suggesting I keep the  
4 record open?

5 MS. BOKAT: No, Your Honor.

6 JUDGE CHAPPELL: For that length of time?

7 MS. BOKAT: No, I don't think we are.

8 JUDGE CHAPPELL: Let me think about that.

9 MS. BOKAT: Okay. Thank you.

10 JUDGE CHAPPELL: I don't know about the three  
11 and a half weeks. That might be a little too much time  
12 since we've got a witness now who's not even going to  
13 show up until next Friday. Three and a half weeks  
14 beyond that is probably too much time. So, you might  
15 want to think about compressing that a little bit.

16 Any other questions?

17 MR. NIELDS: Your Honor, I don't know if it's a  
18 question. I suppose maybe it is. And it may be that  
19 complaint counsel has tried everything that it can try,  
20 but my experience with witnesses is that their  
21 schedules are malleable depending on how strong the  
22 need is to have them in court on a particular day.

23 I would really ask that complaint counsel do  
24 whatever is humanly possible to see if Mr. Bazerman can  
25 come in sometime earlier. I recall that we were last

1 told by complaint counsel that they would finish their  
2 case on Thursday, the 21st, and I had sort of assumed  
3 that. It would -- it's just a shame it seems to me to  
4 have the trial last extra days when we are going to  
5 clearly have gaps, and it would -- it would also make  
6 it easier on all of us to have the time to do the  
7 quality post-trial briefs that I think we would like to  
8 do and I would hope and assume the Court would want us  
9 to do.

10 JUDGE CHAPPELL: Right, and I think, Ms. Bokat,  
11 based on the schedules you were giving me that the  
12 witness who's going to be in Toronto should be  
13 available Monday, right?

14 MS. BOKAT: Well, we plan to put Professor  
15 Bresnahan on Monday, because that's the day -- the one  
16 day next week he's available.

17 JUDGE CHAPPELL: Why don't we do both of them  
18 Monday? Planes fly to Toronto all the time here --  
19 from Washington, they go to Toronto all the time,  
20 nonstop.

21 Well, I concur with Mr. Nields. I suggest you  
22 rattle a few cages, shake a few bushes, see what you  
23 can do so we don't have to keep this dragging on. I  
24 understand if there are things that can't be changed,  
25 that's fine. I think I've been more than cordial about

1 allowing scheduling during this trial, but at some  
2 point, it wears thin, and we need to get this wrapped  
3 up. So, see what you can do, Ms. Bokat.

4 MS. BOKAT: Yes, Your Honor.

5 JUDGE CHAPPELL: Okay. So, we have one witness  
6 tomorrow. We will again start at 10:30. We're  
7 adjourned.

8 (Whereupon, at 3:58 p.m., the hearing was  
9 adjourned.)

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## 1 C E R T I F I C A T I O N O F R E P O R T E R

2 DOCKET/FILE NUMBER: 9297

3 CASE TITLE: SCHERING-PLOUGH/UPSHER-SMITH

4 DATE: MARCH 14, 2002

5

6 I HEREBY CERTIFY that the transcript contained  
7 herein is a full and accurate transcript of the notes  
8 taken by me at the hearing on the above cause before  
9 the FEDERAL TRADE COMMISSION to the best of my  
10 knowledge and belief.

11

12 DATED: 3/15/02

13

14

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16 SUSANNE BERGLING, RMR

17

## 18 C E R T I F I C A T I O N O F P R O O F R E A D E R

19

20 I HEREBY CERTIFY that I proofread the  
21 transcript for accuracy in spelling, hyphenation,  
22 punctuation and format.

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